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NEWS SUMMARY

GENERAL

Polish unions may ease demands

The Polish Government and trade unions may be ready to re-negotiate last August's Gdansk Agreement, signed after a wave of strikes.

A group of parliamentary deputies has called for re-negotiation. They say declining national income could prevent the Government meeting commitments on issues such as the shorter working week, meat supplies and faster house-building.

Solidarity's Warsaw branch has accepted that the country cannot afford to introduce immediately a five-day, 40-hour week, the cause of recent unrest. Back Page

£225,000 award

Sandra Birkett was awarded £225,000 damages for a road accident which made her a compulsive talker about herself, wrecking her life and marriage.

Envoy ousted

China told the Dutch ambassador to leave. Its was downgrading relations because of the Netherlands' sales of submarines to Taiwan. Page 5

W. Berlin choice

Dr. Hans Jochen Vogel was nominated as West Berlin's mayor. Page 4

Minister named

Israeli Communications Minister Yoram Aridor was also appointed Finance Minister to replace Yigal Hurvitz who resigned last week.

Group sought

Detectives investigating the Deptford, London, fire which killed 10 people at an all-night party were seeking a group of gatecrashers.

Duffy moves

Commander Peter Duffy, Scotland Yard's anti-terrorist chief for the past two years, is moving to a new job—north-west London CID commander.

Interview ban

Ireland renewed an order banning the State-run broadcasting service from interviewing the IRA and other para-military organisations.

Nurse charged

A fourth male nurse from Rampton mental hospital was charged with ill-treating a patient.

Gillard loses

World in Action reporter Michael Gillard lost his appeal for damages for slander against Sir James Goldsmith. Page 6

Bomb cash denied

Saudi Arabia denied it was to provide Pakistan with $800m (£332m) to make a hydrogen bomb.

Spy charges

Fifteen South Koreans were charged with spying for North Korea.

Killing acquittal

Retired police inspector Arthur Munden was cleared at Newcastle-upon Tyne of the manslaughter of his former son-in-law.

Icy roads

Black ice caused a spate of road accidents in Northumberland and Durham. Heavy snow blocked several roads around Aberdeen. Weather, Back Page

2.5m members

MEMBERSHIP of Automobile Association Relay, said to be the biggest vehicle recovery service in the world, has passed the 2.5m mark. Since the AA launched the service in 1973, £15m has been invested in manpower and equipment.

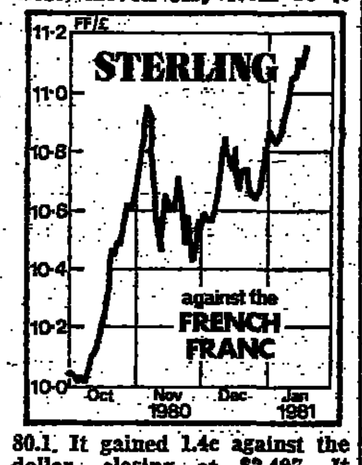
BUSINESS

Gilts up on MLR, inflation optimism

● GILTS showed strength yesterday, with optimism about a further slowing in the rate of inflation and a further cut in the minimum lending rate. The FT Government securities index gained 0.48 to close at 68.53. Page 28

● EQUITIES edged up 1.7 to 453 on the FT index in a quiet day's trade. Page 28

● STERLING was firmer against most currencies, even though its Bank of England weighting, calculated before the London close, moved only from 80 to



80.1. It gained 1.4c against the dollar, closing at $2.407. It reached a seven-year high against the French franc, advancing from FFr 11.09 to FFr 11.155. Page 32

● GOLD rose $6 an ounce in London to close at $567.5. Page 32

● DOLLAR trading was nervous because of uncertainties over the release of frozen Iranian assets. It was unchanged at DM 2.006, rose from SwFr 1.8175 to SwFr 825, and eased from Y202.5 to Y202. Its trade-weighted index dropped from 87.3 to 86.9. Page 32

● POST OFFICE lost £46m in the six months ended September, blamed it on higher wages and overheads, and said that all its business was now profitable. Back Page

● AKZO, the Dutch multinational, is dropping a £33m investment in its British Enkalon fibres subsidiary at Antrim, Ulster, where 800 or 2,000 jobs will be lost. Back Page

● SCOTTISH ALLIED INVESTORS, a £3m fund to give finance and management help to small and medium-sized companies, has been formed by three Scottish institutions. Page 19

● FORD Halewood hourly-paid workers voted narrowly to accept a 9½ per cent pay offer.

● EEC has proposed a month's extension, until the end of February, of interim arrangements allowing New Zealand butter sales to Britain. Page 27

● PORTUGAL'S public sector has been told to pare costs and cut foreign borrowing. Page 4

● AUSTRALIA is to have a public inquiry into ways of replacing the recently collapsed wage-fixing system.

● SRI LANKA'S Finance Minister is leaving on a three-week European tour, seeking to borrow about $200m.

● KUWAIT has bought 10 per cent more in Metallgesellschaft, the West German plant, metals and chemicals group, for over DM 150m (£32m). Page 24

● CHRYSLER CORPORATION'S £65m debts to Japanese banks are likely to be rescheduled and partly cancelled. Page 24

● TUNNEL HOLDINGS (cement, building products and chemicals) is to buy U.S. chemicals company Alcolac for £9.9m. Page 20

● ALEXANDERS DISCOUNT net profits for 1980 were £1.25m (£0.25m loss). Page 18, Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 15% 1985 £106$\frac{1}{16}$		+ ¼
Treas. 11¾% 2003-07 £86		+ ½
BTR	364	+ 8
Booth Int.	55	+ 21
Cray Electronics	82	+ 6
Highgate and Job	40	+ 14
Hollis Bros. & ESA	31	+ 3
House of Fraser	129	+ 5
Land Securities	362	+ 5
Letraset	92	+ 6
Lloyds & Scottish	147	+ 6
Martin (R. P.)	155	+ 5
Mills and Allen	322	+ 12
More O'Ferrall	105	+ 5
Reed (Austin) A	57	+ 6
Stylo	142	+ 9
Vickers	140	+ 6
Walker (J. O.)	135	+ 18
Westland	128	+ 6
Cambridge Pet.	290	+ 10

FALLS

Barclays Bank	395	− 15
De La Rue	670	− 30
ICI	286	− 6
Mercantile House	550	− 15
News Int.	98	− 7
Unitech	229	− 13
Anglo-Amer. Corp.	595	− 20
CRA	262	− 12
Gold Mines of Kal.	410	− 30
Hartebeest	£29	− 1
Mid. Witwatersrand	760	− 45
North West Mining	102	− 12
West Driefontein	£33¼	− 1½

U.S. and Iran sign hostage agreement

BY JUREK MARTIN AND DAVID BUCHAN IN WASHINGTON AND ROBERT GRAHAM IN ALGIERS

THE U.S. and Iran yesterday reached basic agreement on far-reaching financial and political terms that will free the 52 American diplomats after over 14 months of captivity.

It was still unclear yesterday afternoon if President Jimmy Carter would be able to savour the bitersweet epilogue of his presidency by flying to West Germany to greet the hostages before the inauguration of Mr. Ronald Reagan as President at noon today.

When a dog-tired Mr. Carter appeared on television at 4.30 am to announce the agreement, 90 minutes after it had formally been presented in Algiers and after a celebratory bottle of champagne in the oval office, it appeared the hostages would be flying out of Tehran virtually instantly.

But, technical delays, apparently on the Iranian side, postponed the President's departure on Air Force One to the point that it became doubtful if he could make the round trip in time.

The agreement was finally signed in a low key ceremony in Algiers that conveyed little of the emotion and drama surrounding the 443 day captivity of the U.S. hostages. An exhausted Mr. Warren Christopher, Deputy Secretary of State, signed documents that paved the way for their release.

The signing ceremony at the Algerian Foreign Ministry at 9 am local time, marked the last stage in four days of near constant negotiations.

At the ceremony Mr. Christopher told Mr. Mohammed Benyahia, Algeria's Foreign Minister, that he and his colleagues had acted "with the greatest impartiality, discretion and skill."

The agreement's terms, which may strike new international legal and financial ground, provide forf the immediate release to Iran of a portion of the $8bn to $9bn (£3.3bn to £3.7bn) Iranian assets held in the U.S. banking system and frozen by President Carter on November 14, 1979, ten days after the hostages were seized.

Although full details of the implementing mechanisms of th eagreement were not immediately available, it appeared that Iran had earmarked more than half the sum to pay off Western bank loans and as a contingency to cover U.S. claims against Iran, to be settled by an international arbitration commission.

In return, the U.S. has given a pledge of non-intervention in Iranian affairs, clsed the American legal system to private U.S. suits against Iran but kept it open for Iran to sue for the recovery of assets that the late Shah held in the U.S.

Experts felt the big U.S. commercial banks, intimately involved in the climactic negotiations, had adequately protected their positions.

This reflected both the banks' financial clout in the negotiations—two-thirds of the Iranian assets were held in their vaults—and, it was felt in Washington, Iran's disinclination completely to cut itself off from sources of future credit.

Less happily placed, it appeared, were the small financial institutions and the non-bank commercial enterprises with claims against Iran for expropriated property and defaulted accounts.

It was considered possible that some of these might—when the natural American euphoria surrounding the impending relsease of the hostages had died down—challenge the constitutional basis of Mr. Carter's orders or sue the U.S. Government for financial damage if, as Mr. Carter stipulated, they are precluded from seeking redress from Iran through the U.S. courts.

The conduit for the transfer of assets is the escrow account established at the Bank of England, in the name of Algeria, acting for Iran. An escrow account is one where full ownership is conditional upon the fulfilment of terms agreed between the legal beneficiary and another party, in this case Iran and the Bank of England.

Algeria has undertaken to ensure that Iran will abide by its side of the agreement before moneys are released, in stages.

The complex financial details, as only partially revealed, paied in the public mind with the fact that Mr. Carter, somehow, had managed to conclude his presidency in such a remarkable manner.

It did not go unremarked that, if he had pulled off the feat a few months ago, he would almost certainly be about to begin his second term in office.

Mr. Carter was able yesterday to bask in the glow of universal, and non-partisan, political acclaim that he appeared to have been able to wipe the most pressing U.S. international problem off Mr. Reagan's plate before the inauguration.

Yet nagging doubts persisted. Aware of them, Mr. Reagan said yesterday that he might retain the services of top Carter Administration officials, above all Mr. Christopher, if the hostage crisis were, somehow, ot drag on, or to tie up loose ends.

Freedom door stands ajar but hitch delays release

BY PETER POVEY IN TEHRAN

THE EXIT door from Iran stood agonisingly ajar for the 52 American hostages last night.

Even as the final agreements for their release were being announced in three world capitals, the hostages were reported to be waiting in the departure lounge of Tehran airport — their final release surrounded by the persistent claims of victory against "the Great Satan" by Iran's revolutionary leaders.

Other reports spoke of a last-minute hitch that could delay their flight to freedom until today.

Algerian officials were late in the evening closeted with the Governor of Iran is central bank trying to sort out the difficulty said to be holding up the final departure.

The day had begun with a meeting in the Algerian embassy between two of the militant students and a group of doctors flown in to examine the diplomats before they leave.

The students, despite Government claims to be in charge of the hostages, appear still to be the effective captors. The doctors left the embassy blindfolded and were taken by the militants to meet their patients at an undisclosed location in the north of the capital.

Revolutionary guards moved in on journalists immediately after the departure and confiscated all films of the event.

Later in the day Iranian television showed films of part of the medical examination of the hostages by the Algerian doctors. A number of diplomats were shown lying on beds and having heart tests. The doctors were being assisted by a number of Iranian nurses.

An Iranian official said later that the doctors' reports would be submitted to an international body "for the record."

At Tehran International airport, all roads towards the terminals were blocked from early morning.

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Why Iran no longer wants its captives, Page 16
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Two Algerian aircraft were reported to be waiting on the tarmac to fly the hostages to their destination—Frankfurt—where they will stay for tests before returning to their families in the U.S.

Revolutionary guards, a couple of whom were proudly carrying AK-47 automatic rifles, strutted up and down glaring at the press.

Back in the centre of the city the long-awaited Press conference by Iran's chief negotiator, Mr. Behzrad Nabavi was scheduled to take place at 3 pm. But it was not until 5.20 pm that Mr. Nabavi presented himself. It had apparently been the intention that the hostages should leave Iran between 3 pm and 4 pm local time but the last-minute hitch delayed both their departure and the Press conference.

On the vital question of when the hostages would be freed, Mr. Nabavi said: "None of the hostages have been released yet but they are on the brink of freedom."

"We are waiting to hear officially from the Algerian Government that the transfer of our assets into the escrow account in the Bank of England has been completed," he said.

Mr. Nabavi said relations between Iran and the U.S. "will stay completely severed" after the hostages are released.

For him the final resolution of the 14-month crisis was "one of the great victories that we have gained."

UK TO LIFT SANCTIONS

The UK is expected to lift economic sanctions on Iran in the next few days. Department of Trade officials were yesterday discussing the procedures involved in lifting the sanctions.

Four British citizens are still being held without trial in Iran. The Government intends to intensify efforts to obtain their release.

Details, Page 2

Pound gains 1.4c against mainly steady dollar; gold closes $6 up

BY DAVID MARSH AND PETER MONTAGNON

STERLING rose strongly yesterday as dealers reacted to the possibility that part of Iran's unblocked dollar funds could be transferred into pounds. It closed in London at $2.4070, up 1.4 cents from Friday, while the trade-weighted index of its value against a basket of other currencies rose to a 10-week high of 80.1.

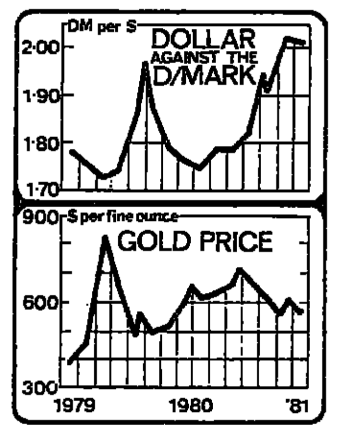
The dollar closed hardly changed against most other currencies.

Gold reacted to the deal to end the 14-month hostage saga by gaining $6 to $567.50 an ounce, mainly in reaction to the drop last week when expectations of a deal led to heavy selling.

International bullion and money markets were generally nervous as operators waited to see how Iran would deploy the billions of dollars of funds released by the settlement. But the eurocurrency deposit markets, which had been expected to be particularly affected, took the news in their stride, with six-month eurodollars closing unchanged on Friday's level at 17½ per cent.

Fears that flows of funds out of the U.S. banking system and into the escrow accounts at the Bank of England could cause some temporary tightness were allayed by indications that the Federal Reserve was anxious to avoid any market disruptions.

The possibility of Iran disruptively moving funds out of the dollar into other currencies—which was the original reason sparking off the U.S. blocking



action of November, 1979—is now thought to be less likely than 14 months ago.

This is partly because U.S. interest rates now offer an atractive inducement for Iran to stay in dollars—and also because the Deutsche Mark and some other alternative reserve currencies have weakened considerably since then.

Underlining its present role as a major recipient of international investment funds, sterling rose to its highest level against the Deutsche Mark for nearly five years, at DM 4.83 (DM 4.80 on Friday).

Against the French franc it reached a seven-year high of FFr 11.1550 (FFr 11.09). At one point yesterday, the pound rose to nearly $2.42.

Compared with November 5, 1979, the day after the seizure of the U.S. embassy in Tehran, sterling has risen by 30 per cent against the Deutsche Mark. On an overall trade-weighted basis it is up 21 per cent, while against the otherwise firm dollar it has appreciated by 16 per cent.

Gold—a general barometer of crisis—still shows a gain of $186 or nearly 50 per cent, in spite of its sharp fall from its peak of $850 in January, 1980.

As evidence that the Federal Reserve wishes to avoid any interest rate disruption in the U.S., dealers noted that it acted to add reserves to the banking system when Federal funds were trading at 19%. On Friday it bought for its own account U.S. government securities formerly held by Iran.

The fact that these securities were not simply sold in the open market, which would have tended to boost interest rates, also suggested that the money markets were to be kept free of disruption as funds were transferred to London.

Some uncertainty remains in the eurocredit markets where bankers are anxious to know exactly how the repayment of loans outstanding to Iran will be handled.

In particular, questions arise about the repayment of loans provided by syndicates comprising both U.S. and non-U.S. banks.

It will probably be some days before a clear answer emerges to these questions, but meanwhile bankers said the settlement news was having little impact on eurocredit business.

Eurobond trading was also hardly affected.

Money Markets Page 21
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Challenge to BSC plan recedes

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE POSSIBILITY of industrial action at national level over the British Steel Corporation's "survival" plan collapsed yesterday.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, the industry's biggest union, said it would continue its refusal to endorse the plan, but did not contemplate mounting any national action against it.

At the same time the general and craft unions, in separate talks with the corporation, accepted the plan — which involves the loss of more than 20,000 jobs — as well as BSC's 7 per cent pay offer. The pay settlement will take effect from July, after a six-month freeze.

However, the ISTC's own ballot of the bulk of its members in the heavy steel sector showed a majority of 18,392 against the plan, with 8,442 supporting it. A rather smaller majority — 15,525 to 11,558 — voted against the pay offer.

Ballot papers were sent to more than 53,000 of the union's 70,000-plus membership, and 51 per cent of these responded.

The ISTC meets BSC today to continue negotiations on the pay offer, and to inform the corporation that it will not accept the plan.

However, both BSC and the ISTC are aware that the craft and general unions, representing 45,000 workers, and the 7,000-strong National Union of Blastfurnacemen, pose no further threat to the plan's implementation. The 11,500-strong Steel Industry Management Association, which refused its agreement last week because of a dispute over a merit payment, is expected to come into line soon.

Mr. Sirs said his union believed that Mr. Ian MacGregor, BSC's chairman will "push it through regardless.

He hinted that the union may consider an overtime ban, but said the ISTC ballot enabled it to bargain from a position of strength at plant level. He criticised the other unions in the industry for accepting the plan, and said they would not be able to oppose proposals to weaken trade union rights.

Employers were now keen to defeat trade unionism wherever they could. Mr. Sirs gave the example of a private steel plant, believed to be in the Birmingham area, where the management had offered workers more money to opt out of the union bargaining structure, and had already stopped the check-off system for union dues.

Mr. MacGregor has been strengthened in his negotiations with the unions by his own ballot of BSC workers. The result announced last week, showed that 78 per cent of the respondents accepted the plan.

Mitel near decision on Newport plant, Page 6

£ in New York

—	Jan. 16	Previous
Spot	$.23965-3995	$2.3915-3930
1 month	1.35-1.45pm	1.10-1.20 pm
3 months	2.70-2.80 pm	2.60-2.70 pm
12 months	4.50-4.75 pm	4.20-4.40 pm

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HOSTAGES: THE ROAD TO FREEDOM

The U.S.-Iran crisis draws to its close

BY ROBERT GRAHAM IN ALGIERS

HUNCHED BEHIND a large table thick with cables and microphones, a slight man in a sports jacket spoke deliberate Arabic. Beside him, a female interpreter translated into clipped English.

"And to implement all these agreements the President will have to issue nine decrees."

The man speaking was not a U.S. State Department spokesman but Mr. Benyoussef Babali, a middle-ranking official of the Algerian Foreign Ministry.

There was stunned silence as these words were translated. For the President he was referring to was the U.S. President, and here was a minor Algerian official informing the massed ranks of American and world media crammed into a hotel conference room how the President of the world's most powerful nation would act.

By the end of the news conference, it seemed to those present that Washington had agreed to something similar to a 19th-century capitulation treaty. One Third World diplomat pointed out that it was unprecendented for a developing country to have arranged such a treaty relationship with one of the world's major powers after an act which broke all recognised diplomatic practice—the seizing of the hostages on November 4, 1979.

Earlier in the morning Mr. Warren Christopher, the chief U.S. negotiator, took part in a brief ceremony at the Algerian Foreign Ministry. Alongside Mr. Mohamed Ben Yahia, the Algerian Foreign Minister, he initialled three documents laying the way open for the release of the 52 hostages. Mr. Christopher was fulsome in his praise for the Algerians but refused any comment on the content of the agreement.

The U.S. accepted that any further announcement would first be made by the Algerian Government which has acted as the principal intermediary.

The Algerians almost deliberately have played down their role in the affair, but there is little hiding their satisfaction over the part they have played.

The Algerians are the guarantors of the agreement. They are the ones who have set up a bank account to receive unfrozen Iranian funds. They are involved in the establishment of arbitration tribunals. And they have laid their reputation on the line in effectively underwriting the success of the whole agreement.

The Algerian Government has found itself drawn into the hostage drama without any firm move to act as an intermediary.

The followers of Ayatollah Khomeini are admirers of Algeria's struggle to achieve independence and appreciated Algeria's tough anti - Zionist stand in the Arab-Israeli dispute.

When Ayatollah Khomeini was expelled from Iraq in September, 1978, his followers originally thought of going into exile in Algeria. He went to France a month later, with the intention of moving to Algeria. It was pure chance that the illness of the late President Houari Boumedienne, combined with greater access to the media in France, kept him in the latter country.

It was during his stay in France from October 1978 to February 1979 that one of the current Algerian negotiators met Ayatollah Khomeini and his followers.

M. Abdelkrim Guerraieb was then head of the Algerian welfare organisation in France, overseeing emigrant workers.

When Washington chose to break diplomatic relations with Iran in November 1979 after the hostages were taken, the Iranians immediately turned to Algeria to look after their diplomatic interests in the U.S. capital. This contact also helped the leading Algerian negotiator, M. Reda Malek, to establish close touch with the Iranian authorities. M. Malek is the Algerian ambassador in Washington and is regarded as one of the most experienced diplomats in the Third World, having previously been ambassador in both Paris and Moscow.

The Iranians made no effort to involve the Algerians as formal intermediaries over the hostages until early November last year. This request had been preceded by a visit to Algiers in mid-October by Mr. Ali Rajai, the Iranian Prime Minister.

The Algerian credentials seemed impeccable for this function. From the Iranian point of view, they shared Iran's distaste for the U.S. role in Iran under the late Shah. Algeria was also an Islamic country which has shown sympathy for the Islamic *revolution in Iran.*

Further, Algeria, at the outset of the Iran-Iraq war, had refused to take sides. If anything, the Algerians had lent towards the Iranians.

From the U.S. point of view, Algeria was the only country with sufficient understanding and credibility in discussing highly complex legal and technical issues. Algeria, a major U.S. trade partner, has acquired extensive experience of the intricacies of U.S. banking and legal systems.

Failed rescue and Gulf war: tragic events in the hostage saga

Washington pledges to help find Shah assets

By Andrew Whitley

THE DEATH of the Shah in Cairo last year removed any remaining prospect of the U.S., or anyone else, returning the former monarch to Iran to stand trial at the behest of his *usurpers.*

It also focused attention exclusively on Tehran's related demand for the return of the wealth the Shah was alleged to have amassed illegally during his reign, and then transferred abroad.

The onus to return the wealth, wildly estimated by the new regime at anywhere between U.S.$10bn and US$36bn, was put on the U.S. This, Tehran argued, was because the U.S. had acted as the Shah's patron, and afforded U.S. hospitality and protection.

Many of the late monarch's close relatives, including his brothers, sisters and mother, have lived in the U.S. since before the final fall of the old regime.

Many among the 64 surviving members of the Pahlavi family *have little personal wealth to* speak of. Others, such as his twin sister, Princess Ashraf, and two brothers, Gholam Reza and Abdol Reza, are reputed to have considerable fortunes outside Iran.

His heir and self-proclaimed successor Reza, presently lives in Cairo with his mother and is therefore excluded from the U.S. undertaking.

The U.S. Government has now said, as part of yesterday's Algiers agreement, that it will assist Iran in locating and recovering the family's assets through the channels of the U.S. courts.

The terms of the undertaking are precise and probably as far as Washington could go without expropriating the wealth of private citizens legally resident in the U.S. However, the fact that the *likelihood* of such action has been clear for some months means that its outcome is likely to be of more symbolic than practical significance.

In the opinion of those close to the former royal family, much of the wealth that was in the U.S. in the form of property, company shares and other financial holdings at the time of the capture of the American hostages in November 1979 has been transferred out of the country.

Exactly how much wealth has fled the country to safer destinations will become known to the U.S. Government in about a month's time. The proposed freeze on the assets of those close relatives of the former Shah named in suits already launched by Iran also requires those holding the assets on *Pahlavis' behalf to* disclose their size on the day before the crisis began.

If that information is then passed on to Tehran, the Iranian authorities would then be in a better position to track down that fabled wealth

FINANCIAL SETTLEMENT BRINGS MIXED FEELINGS IN U.S.

Banks foresee early debt repayment

BY OUR FOREIGN STAFF IN LONDON AND NEW YORK

U.S. BANKERS yesterday said they were broadly satisfied with the terms of the hostages agreement. They see the prospect of an early repayment of all their outstanding debt to Iran and an end to the morass of law suits which already surrounded the debt.

"If Iran's debts had been left in the hands of the lawyers and banks they would never have been solved," one banker commented last night.

But U.S. industrial companies seeking compensation from Iran are less happy. Under the terms of yesterday's agreement, industrial companies like General Motors, Xerox and Sedco Oil may have to depend for the satisfaction of their claims on Iran's willingness to make funds *available at a later date.*

The agreement provides for the establishment of three principal accounts at the Bank of England in the name of the Algerian central bank. The U.S. Government is to transfer $2.2bn of gold and cash from the sale of Treasury Securities into a first "escrow" account. A second escrow account will receive Iranian deposits and securities worth approximately $4bn held in the overseas branches of U.S. banks.

The funds in these two accounts are to be released after the freeing of the hostages upon instructions from the Algerian Government. An escrow account is one held until certain pre-established conditions have been met.

However, according to U.S. Treasury officials last night, *funds released in this way will* be paid over to Iran only after the deduction of $3.6bn. This sum will be returned directly to the New York Federal Reserve and used to repay Iran's syndicated loans.

Foreign banks which have participated in syndicated credits involving U.S. banks may also be offered repayment in this way. Funds released from the escrow accounts will also be used to cover the repayment of non-syndicated bank debt estimated at $1bn-$1.3bn, according to U.S. Treasury officials.

The third account being established at the Bank of England is an "interest bearing security account." This is to be set up within 30 days. It is to receive Iranian deposits and securities held by the domestic branches of U.S. banks and estimated at over $1bn. *It is also* to receive all other official Iranian assets frozen by President Carter in November 1979.

Half of the funds received into this account are to be paid directly over to Iran. The other *half* will be retained and available for the settlement of compensation claims by U.S. companies and individuals—though *not the hostages—currently* before the courts.

Iran has undertaken to keep a minimum of $500m in this account, which has enabled the U.S. Government to avoid being tied to a precise assessment of the value of those claims.

The industrial companies seeking compensation from Iran (mostly for nationalised property) and who did not hold Iranian assets fear that their claims may never be satisfied or that they will be dragged into years of expensive litigation. But the banks at least believe that they may have been saved from the legal minefield which they found surrounding them following the President's freezing of Iranian assets.

Bankers Trust, Chase, Citi*bank, and Manufacturers Han*over had lesser amounts on their books in London than the Bank of America. Several of them had offset their Iranian deposits against their loans to Iran and were paying or earning market rates on the balance so that the cost of unwinding from Iran should be nothing.

The agreement's provision for the payment of interest to Iran *on its released assets* will involve U.S. bankers in a calculation of the net interest due. Most are thought to have accrued interest on all or part of the Iranian deposits which they have held. But each bank will now be faced with a decision over how much loan interest to seek from Iran.

"The President's freeze may have looked all right in fortress America but most of us bankers involved in the Euromarkets felt it was wrong," one banker said. He described the new orders being issued by the President as also questionable, but argued that it was a case of "two wrongs making a right." The Bank of America had been caught by the freeze in the midst of making a transfer on behalf of Iran at the time of the freeze and found itself with *around $1.6bn of Iranian assets* in London.

Carter agrees to nullify compensation claims

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter has agreed on sweeping measures to nullify several hundred suits filed by U.S. citizens and companies in U.S. courts in the past year seeking compensation against Iran. He has also agreed to submit these to an international arbitration panel.

Once the euphoria of the hostages' homecoming fades, the action could provoke a serious constitutional and financial wrangle which the incoming Reagan Administration would have to face.

The 1977 International Emergency Economic Powers Act gives a U.S. President broad scope and backing for nullifying such suits, Administration officials claimed yesterday. This was the same act under which Mr. Carter originally froze the Iranian assets in November 1979.

Mr. Carter has been told by Mr. Benjamin Civiletti, his Attorney-General, that the nullification action is perfectly legal, but one Treasury official acknowledged yesterday it would probably be "hotly contested."

Some 330 suits have been filed by individuals and companies such as Xerox and General Motors "attaching," or putting a legal hold on, Iranian assets or deposits in U.S. banks *and their foreign branches* amounting to well over $1bn.

The suits will now be nullified by presidential fiat, and what the claimants are now being offered is the opportunity to plead their case for their property expropriated in or by Iran before an international tribunal comprising Iranian, U.S. and third-party representatives.

Banners go up at the U.S. Rhein-Main airbase in West Germany

The U.S. corporate litigants have already expressed concern that only $1bn has been formally set aside as a fund from which to pay compensation awards. According to the U.S.-Iranian agreements published yesterday, the fund could be more than $1bn, but only if Iran agrees to top it up

U.S. firms and industrial companies seeking financial redress against Iran may therefore have cause to complain that they have been much less well treated than their American banking bretheren. U.S. banks are to be repaid in full and immediately on the $3.6bn syndicated loans to Iran in which they and European banks have participated.

It is true that non-syndicated loans by U.S. banks are being treated on a rough par with compensation claims by U.S. industrial companies—with some $1.3bn being set aside for the loans' possible repayment after arbitration.

Yesterday's published agreement also makes clear that if any of the 52 hostages, or their families, want to sue Iran for personal damages, they may not use the U.S. legal system, but must try their luck with the international claims panel—or conceivably sue the U.S. Government.

There is little, if any, precedent for Mr. Carter's broad nullification of the suits in the U.S. courts.

Administration officials yesterday pointed out that it was President Carter who actually gave U.S. companies a licence to file attachments on Iranian assets—although no permission for courts to execute these attachments. "What we granted, we can withdraw," a Treasury official said.

If U.S. companies do feel they have been swindled out of their just financial deserts, they may well try to sue the U.S. Government. Should this face Mr. Reagan, he may have to toss this into the lap of Congress, which, after the Second World War, decided the fate of the Axis powers' assets in the U.S.

Boost for Bank of England's reputation

By David Marsh

The Bank of England's reputation as a smooth and discreet operator on the international monetary scene can only be heightened by its behind-the-scenes role in help*ing prepare the resolution of* the hostages affair.

During the 14 months of crisis, the Bank has maintained a somewhat diffident intermediary position between the two sides. It has kept its customarily good relations with Bank Markazi, the Iranian central bank, while trying not to give the impression that it was letting down *the Americans.*

The events of Friday, when Mr. Kit McMahon, the Bank's Deputy Governor, and Mr. David Somerset, its Chief Cashier, joined the posse of U.S. financial and legal experts in Algiers, showed that the Bank's hour had come.

The choice of the Bank to play the crucial role of administering the accounts into which Iran's frozen assets are paid, seems to have been based on both historical and practical factors.

Ten days ago it had been thought that the Austrian National Bank might take the part of the neutral central bank in the complicated financial and political dealings

The National Bank in Vienna was ready almost until the last minute to provide its good offices. It had even prepared for part of Austria's gold reserves to be used in the "swap" of 50 tonnes of Iranian gold held in the vaults of the New York Federal Reserve Bank.

But it appeared that the Americans were keener to choose the services of Threadneedle Street—partly, it is thought, because a great deal of Iranian money has flown into Vienna during the past 14 months and the Austrians might have been suspected of not being entirely neutral.

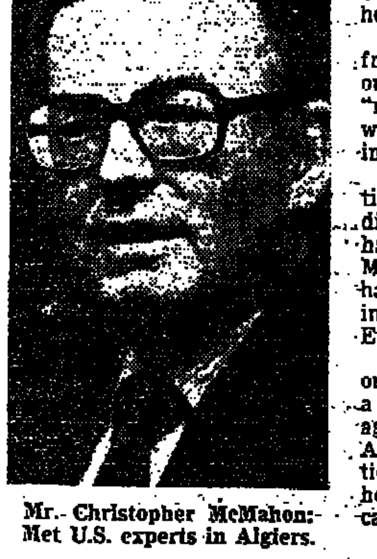
The Bank and the New York Fed enjoy old-established links. The Fed was one of the first overseas central banks to start an account in London around the time of the *First World War.*

Bank Markazi, too, has strong historical ties with the "Old Lady," going back at least to World War II. Throughout the hostage crisis, Iranian officials have emphasised the bank's willingness to co-operate. Despite the U.S. freeze, Bank Markazi was able to repatriate gold held in London with no trouble.

This showed the Iranians *that they could* trust the arrangements under which blocked gold in the Fed has now been transferred to the custody of the bank.

The bank went to great lengths during 1980 to emphasise that, however much it might sympathise with the American blocking action, it could brook no interference with the orderly functioning of banking markets.

It was possibly this insistence first and foremost to act as a bank, and only second as a government institution, that earned two bank officials their sleepless weekend in Algiers.



Mr. Christopher McMahon: Met U.S. experts in Algiers.

Nabavi: idealist at the negotiating table

BY TERRY POVEY IN TEHRAN

MR. BEHZAD NABAVI, the man who has emerged as Iran's chief negotiator in the closing two-and-a-half months of the hostage crisis, has been a consistent supporter of the U.S. embassy siege.

He claimed yesterday that Iran had been victorious in the struggle with the U.S. over the hostages.

Diplomats who have had dealings with Mr. Nabavi, who is Iran's Executive Affairs Minister, speak of him as a highly committed Moslem ideologue and a tough and unbending negotiator. Unlike most of the members of the Iranian Cabinet, Mr. Nabavi seems to have convinced those who dealt with him that he is capable and forthright in fighting for his revolutionary objectives.

Like many of the leaders in Iran, Mr. Nabavi, a 39-year-old engineer, began his political activities in the early 1960s working within the militant wing of the nationalist movement. A brief flirtation with the Left took him into a small guerrilla group that was for a time part of the better-known Fedayeen Marxist organisation.

Mr. Nabavi was arrested and sentenced to life imprisonment in 1972 for anti-regime activities. While in prison he cooperated with the radical Moslem Mojahedin group, but after 1975 he became more involved in the mainstream Islamic activities in opposition to the monarchy. He was freed *from prison* during the revolution—when the prisons were overrun.

After the revolution, Mr. Nabavi was active in the command of the Central Revolutionary Committee in Tehran, under Ayatollah Mahdavi-Kani, who is now Minister of the Interior. In late 1979, after the occupation of the U.S. embassy, he moved to the national radio and television organisation, where he became a member of its supervisory council. He left this post in April 1980, and until becoming a member of Premier Mohammed Ali Rajai's Cabinet, held no executive position.

Mr. Nabavi belongs to an important group within the fundamentalist Islamic camp. Though an engineer by education and possessing a working knowledge of English, he has never studied abroad.

Mr. Nabavi: Supported the siege.

Moscow shelves reports of a U.S. invasion

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION yesterday appeared to be reluctantly reconciling itself to the release of the hostages and a possible imminent improvement in relations between Iran and the United States.

The Soviet news agency Tass reported briefly and without comment that agreement had been reached in Algiers on *the hostages'* release, and the Soviet media quietly shelved reports that the U.S. was preparing to invade Iran.

The Communist Party newspaper Pravda yesterday criticised the U.S.-Iranian negotiations and said that the U.S. had mixed "alluring promises" with "crude threats" in its bargaining with Iran. But the tone of the commentary was much milder than Soviet Press reports at the weekend.

The Soviet Union has backed Iran in its confrontation with the U.S. over the hostages and when progress was made in the negotiations, the Soviet Press registered irritation over developments with a spate of reports suggesting that the U.S. was preparing to invade.

Although the Soviet Union criticised the practice of taking diplomats as hostages, it maintained that the taking of the hostages had to be seen in the light of "understandable" hatred by the Iranian people for the U.S., which had used the crisis as an excuse to build up its forces in the area.

Pravda said the U.S. had turned the crisis into an object of dishonest bargaining — "a typical example of imperialism's policy of carrot and stick."

The newspaper also criticised the continuation of hostilities between Iraq and Iran, which it said only broadened "the field for imperialism's dangerous game" in the Gulf.

Iraq fears new arms deliveries

KUWAIT—President Saddam Hussein of Iraq indicated yesterday that he fears that the freeing of the hostages would bring a resumption of U.S. arms sales to Iran.

"*The United States* has been dropping hints that it is prepared to make Iraq pay the price of the new relationship between Washington and Tehran . . . (Iraq) will not accept a settlement of the problem at our expense," he said in an interview published in the Kuwait newspaper, Al Anbaa.

President *Jimmy* Carter ordered an economic and military embargo against Iran after the U.S. embassy in Tehran was taken.

Both Iran and Iraq have accused the U.S. of being behind the war which broke out on September 22, 1980, when Iraq invaded Iran to reclaim the Iranian side of the Shatt al-Arab waterway. AP-DJ

EEC likely to lift trade sanctions

BY OUR WORLD TRADE STAFF

FOREIGN MINISTERS of the European Community meeting in Brussels today may formally decide to lift trade sanctions against Iran, imposed last May in recation to the seizure of the hostages. But EEC-Iran trade is not expected to show a sudden surge.

A move to lift sanctions will be welcomed as a step towards more normal commercial relations between European exporters and Iran. But the Iran-Iraq war and the internal instability of Iran may have a more damaging effect on trade than sanctions.

Trade has been recovering from the abnormally low levels of 1979. British exports in the first 11 months of 1980 were £368m compared with £215m in the same period of 1979. In the first 10 months of last year, West German sales to Iran rose 18 per cent over the previous year to DM 2.38bn (£496m).

In both these examples, however, the increase was more marked in the first half of the year as companies sought to sign contracts in advance of the imposition of sanctions and before the Iran-Iraq war began to take effect. In the second half, trade marked time.

With the lifting of sanctions, there are likely to be two immediate effects:

- Iran may be able to play a bigger part in world oil supplies.
- Tehran may seek more arms supplies from European companies.

In the first instance, oil production problems will be eased. Iran has been managing to obtain spare parts, although it has been forced to make do without goods of U.S. origin. The goods have been imported through the southern port of Bandar Abbas.

The lifting of sanctions will permit the supply of specialist U.S. parts, although U.S. companies are not expected to hurry to revive ties with Iran.

Western companies are likely to show increased interest in oil supplies from Iran, where production is now thought to be running at 1.5m barrels a day. Japanese refiners, British Petroleum and Royal Dutch Shell have all stopped buying oil. Non-U.S. companies have given high prices as the main reason, but it is thought political considerations weighed with the companies. Now they are likely to weigh less.

Crude oil exports are running at up to 900,000 barrels a day. There is speculation that they could rise to 2m, provided the war with Iraq ends.

The war could also lead to Iranian demands for arms and equipment. In Italy yesterday it was expected that the stalled $425m deal for 30 CH-47 helicopters—made by Agusta, a unit of the state conglomerate Efim under licence from Bell Helicopter of the U.S.—will now go through.

But there will be considerable caution in the UK about arms sales. None is likely until the release of the four British hostages. In the event of this happening, there could be orders for spares and ammunition to be used in the variant of the Chieftain tank made for the Shah's Army.

There may also be pressure from Iran for the release of the Kharg, a 20,000-ton supply vessel with armaments which is still held by Swan Hunter at Tyneside because of the refusal of the Government to grant an export licence.

All UK arms exports need a licence, and each case is considered individually, so that even if the four are released the Government will have to make a decision about the arms in the light of the possible impact on the war with Iraq.

In the wider field of trade, future trends are likely to be dictated by the companies which have managed to maintain a presence in Iran despite the difficulties of sanctions, the war *and internal instability.*

In the UK case, this involves machinery and vehicle exports, especially those of Talbot which is now in constant touch with the Iran National Car Company about the sale of car kits. Iran National has used up most of the kits available and is producing 1,600 cars a week after meeting only half its 1980 target of 100,000 cars.

Britain to step up efforts to get prisoners freed

BY RICHARD JOHNS, MIDDLE EAST EDITOR

WHITEHALL PLANS to intensify efforts to obtain the release of the four Britons who have been held in Iran without trial—and without formal charges being levelled against them—since last August.

The British Government has avoided mounting full pressure in order not to compromise or confuse U.S. attempts to obtain the freedom of the 52 American hostages.

Now, the Government feels free to concentrate on the main outstanding issue preventing "normalisation" of relations with Iran, according to officials in Whitehall.

In preparation for the resumption of diplomatic relations, two diplomats are understood to have gone to Tehran to join Mr. Ned Barret, the Consul who has been manning the British interests section at the Swedish Embassy.

The UK Embassy was closed on September 9 as a result of a hostile media campaign against Sir John Graham, the Ambassador, and other allegations that prompted fears that he and his staff might be taken captive.

The Britons detained last year are Mr. Andrew Pyke of Helicopter Air Services Inc., Miss Jean Waddell, a Church of England worker, and Dr. John and Audrey Coleman, missionaries.

Mr. Pyke was jailed pending investigations into the activities of his company, including its tax position.

The Iranians clearly suspect *Helicopter Air Services Inc. of* facilitating the escape of refugees from Khomeini's regime. The authorities have also levelled vague charges of espionage against Miss Waddell and the Colemans.

Department of Trade officials were yesterday discussing the procedures involved in orders that imposed economic sanctions on Iran last year. They are *the Export of Goods (Control)* (Iran Sanctions) order and Iran (trading Sanctions) Order. The first can be lifted by the Secretary of State, but the second requires a meeting of the Privy Council for its removal.

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What old-fashioned diplomacy achieved in Algiers

BY ROBERT GRAHAM IN ALGIERS

THE CHIEF U.S. negotiator, Mr. Warren Christopher, yesterday initialled three documents concerning principles agreed in negotiations over the past few days for the release of the 52 U.S. diplomatic hostages in Tehran. The documents were also initialled by Mr. Mohammed Ben Yahia, the Algerian Foreign Minister. This ceremony, at 9 o'clock local time at the Foreign Ministry, was followed by an Algerian government declaration on the agreement reached between Iran and the U.S. with Algerian mediation.

The Algerian declaration was in two documents. The essential elements of the two are as follows:

- The agreement reflects the framework of four points stated in the November 2, 1980 resolution of the Iranian Parliament.
- The U.S. undertakes to restore the financial position of Iran "in so far as is possible to that which existed prior to November 14, 1979. In this context, the U.S. commits itself to ensure the mobility and free transfer of all Iranian assets, within its jurisdiction."
- The Iranian and U.S. Governments commit themselves within the framework of the two declarations to terminate all claims currently outstanding through binding arbitration.
- The U.S. pledges not to intervene directly or indirectly politically or militarily in Iran's internal affairs.
- Iran and the U.S. agree to select a mutually agreeable central bank (the Bank of England, although not specifically named) under the instructions of the Algerian central bank and Government to act as "depository of the escrow and security funds hereinafter prescribed." All funds placed in escrow will be held in the name of the Algerian central bank.
- In the event of the Algerian Government certifying to the Algerian central bank "that the 52 U.S. nationals have safely departed from Iran, the Algerian central bank will thereupon instruct the central bank (the Bank of England) to transfer immediately all monies or other assets in escrow with the central bank (Bank of England) pursuant to this declaration, provided that at any time prior to the making of such certification by the Government of Algeria each of the two parties Iran and the U.S. shall have the right of 72 hours notice to terminate its commitments under this declaration."

Assets in the Federal Reserve Bank. On completion of the escrow arrangements with the Bank of England the U.S. will "bring about the transfer to the central bank (Bank of England) of all gold bullion owned by Iran in the custody of the New York Federal Reserve Bank, plus other Iranian assets (or the cash equivalent) in the custody of the Fed. These will be held in escrow until their transfer or return to Iran.

Assets in foreign branches of U.S. banks. The U.S. will transfer to the central bank (the Bank of England) to the account of the Algerian central bank "all Iranian deposits and securities which on or after November 14, 1979 stood upon the books of overseas banking offices of U.S. banks, together with interest thereon through December 31, 1980. These will be held by the central bank (Bank of England) to the account of the Algerian central bank "in escrow."

Assets in U.S. branches of U.S. banks. Once the hostage agreement is implemented and once the arrangements for a special "interest bearing security account" are established—to be finalised within 30 days from yesterday—"the U.S. will act to bring about the transfer to the central bank within six months from such date all Iranian deposits and securities in U.S. banking institutions in the United States, together with interest thereon."

As funds are received by the central bank (the Bank of England) the Algerian central bank shall direct the central bank (Bank of England) to transfer one half of each such receipt to Iran and to place the other half in a special interest-bearing security account in the central bank (the Bank of England) until the balance in the security account has reached the level of $1bn. After the $1bn balance has been achieved, the Algerian central bank shall direct all funds received pursuant to the above arrangement to be transferred to Iran.

All funds in the security account are to be used for the sole purpose of securing the payment of, and paying, claims against Iran in accordance with the Claims Settlement Agreement (a separate arrangement in the overall agreement). Whenever the central bank (the Bank of England) shall thereafter notify Iran that the balance in the security account has fallen below $500m, Iran shall promptly make new deposits sufficient to maintain a minimum $500m balance in the account.

The account shall be so maintained until the president of the arbitral tribunal established pursuant to the claims settlement agreement has certified to the central bank of Algeria that all arbitral awards against Iran have been satisfied in accordance with the Claims Settlement Agreement, at which point any amount remaining in the security account shall be transferred to Iran.

Other assets in the U.S. and abroad. The U.S. will act to transfer to the central bank (the Bank of England) all Iranian financial assets (meaning funds or securities) which are located in the U.S. and abroad, apart from those already referred to.

Nullification of sanctions and claims. The U.S. undertakes to revoke all trade sanctions directed against Iran in the period November 4, 1979 to date.

The U.S. will "promptly withdraw all claims now pending against Iran before the International Court of Justice and will thereafter bar and preclude the prosecution against Iran of any pending or future claims of the U.S. or a U.S. national arising out of events occurring before the date of this declaration, related to: (a) the seizure of the 52 U.S. nationals on November 4, 1979; (b) their subsequent detention; (c) injury to the U.S. property or property of U.S. nationals within the U.S. embassy compound in Tehran after November 3, 1979; (d) injury to U.S. nationals or their property as a result of popular movement in the course of the Islamic revolution in Iran which was not an act of the Government of Iran.

The U.S. will also bar and preclude the prosecution against Iran in the courts of the U.S. of any pending or future claim asserted by persons other than the U.S. nationals arising out of the events specified in the previous sentence."

The return of the Pahlavi assets. The U.S. will freeze and prohibit any transfer of "property and assets in the U.S. within the control of the estate of the former Shah or of any close relative of the former Shah served as a defendant in U.S. litigation brought by Iran to recover such property and assets belonging to Iran." The freeze order will remain until litigation is finally terminated and violation of the freeze order will be a criminal offence in the U.S.

The U.S. will also order all persons within U.S. jurisdiction to report to the U.S. Treasury within 30 days, for transmission to Iran "all information known to them as of November 3, 1979 and as of the date of the order, with respect to the property and assets" of the Shah and his close relatives. In such proceedings sovereign immunity principles and the act of state doctrine should not be considered a bar.

Settlement of disputes. This is to be settled by a special procedure laid out in another document—the claims settlement agreement. This provides for the establishment of an international arbitral tribunal called the Iran United States Claims Tribunal. This will settle "claims of nationals of the United States against Iran and claims of nationals of Iran against the U.S. and any counterclaim which arises out of the same contract, transaction or occurrence but constitutes the subject matter of that national's claim."

The tribunal will also have jurisdiction over government claims between Iran and the U.S. over "contractual arrangements between them for the purchase of/sales of goods and services. The tribunal will consist of nine members or such larger multiples of three as Iran and the U.S. agree is necessary to conduct its business "expeditiously."

Within 90 days of the hostage agreement each Government will appoint one third of the members. Within 30 days after their appointment the members will by mutual agreement select the remaining third of the members and appoint one of these as president.

Business will be conducted in accordance with arbitration rules of the UN Commission on International Trade Law (Uncitral) unless modified by the parties. Claims can be made to the tribunal either by individuals or by governments. The tribunal will sit at The Hague or at any other place agreed by Iran and the U.S.

In order to implement the U.S. side of the deal, an Algerian Foreign Ministry spokesman said, the U.S. President would have to issue a total of nine decrees. These related to the transfer of funds from the Fed to the escrow account in London, the transfer of U.S. bank deposits owned by the Iranians in U.S. banks in the U.S., similar deposits held in European branches, and the cancellation of claims pending against Iran, or which might be laid against Iran as a result of the hostage affair.

Mr. Christopher, left, and Mr. Ben Yahia, sign the deal.

The cool and courteous style of Warren Christopher

BY DAVID BUCHAN IN WASHINGTON

THE HOSTAGE deal is a personal triumph for the "quiet American" style and dogged persistence of Mr. Warren Christopher. The deputy Secretary of State was in at the start of the 14-month crisis—he was for instance given the difficult task of trying to get European support for allied sanctions on Iran—but ended up as the key figure in reaching yesterday's agreement.

Making bone-wearying shuttles across the Atlantic in recent weeks, and then in the final stretch in Algiers between the U.S. Embassy there, and the Algerian Foreign Ministry, Mr. Christopher was the nerve centre in the complex three-way negotiations.

In the last hours, he was trusted by President Jimmy Carter with wide negotiating latitude and given special powers over the weekend to sign the complex documents on behalf of the U.S.

In recognition of his role, Mr. Christopher was last Friday awarded the Medal of Freedom, the highest civilian honour in the U.S., and President Carter took the opportunity to laud him to the skies at the medal ceremony.

Mr. Christopher, the President said, "has the tact of a true diplomat, the tactical skills of a great soldier, the analytical ability of a fine lawyer and the selfless dedication of a citizen-statesman," and that, in sum, the Deputy Secretary of State could be rated "the highest" of any who served in his Administration. Well might Mr. Christopher have blushed, had he been present and not working away in Algiers.

Unlike many political appointees to the State Department, Mr. Christopher has inspired considerable devotion among his colleagues and subordinates, to whom he is affectionely known as "Chris." For them, his low key and unfailing discretion have made him a diplomats' diplomat—just as his boss for over three years, Mr. Cyrus Vance, was until he resigned early last summer in opposition to the attempted military rescue of the hostages. Mr. Christopher at that time let it be known that, although he would not do anything as impetuous as suddenly resign, he wanted to depart soon, too.

However, the 55-year-old Californian lawyer was prevailed upon to stay on and devote his skills almost full time to the protracted hostage crisis. These skills are described as foremost a cool and courteous knack of winning concessions without making an adversary feel boxed in. "Never get mad except on purpose" is a Christopher maxim. In the end, the hostage agreement has been a victory for old-fashioned diplomacy.

How events unfolded in 14 months of crisis

OCTOBER 23, 1979—The exiled Shah of Iran enters hospital in New York for treatment of suspected cancer. Iranian oil workers demand his extradition.

NOVEMBER 4—Revolutionary students storm the U.S. embassy in Tehran, seize 63 American personnel, and announce they will be held, along with three U.S. diplomats retained at the Foreign Ministry, until the Shah is returned for trial. Fourteen subsequently released.

NOVEMBER 12—U.S. stops imports of Iranian oil.

NOVEMBER 14 — President Carter freezes all Iranian assets under U.S. control to forestall Iranian withdrawal of deposits in U.S. banking system.

JANUARY 28, 1980—Six U.S. personnel escape from Tehran.

FEBRUARY 23 — United Nations delegation starts 17 days of abortive talks in Tehran.

APRIL 7 — Washington breaks diplomatic relations with Iran and bans all U.S. exports.

APRIL 23 — EEC allies announce sanctions from May 17.

APRIL 25 — U.S. military rescue mission ends in disaster. Eight servicemen killed when helicopter collides with transport aircraft on a remote desert alnding strip.

APRIL 28 — Mr. Cyrus Vance quits as Secretary of State in protest against the Carter Administration's handling of the crisis.

JULY 27 — The Shah dies in Cairo.

SEPTEMBER 13 — Ayatollah Khomeini sets the terms for the hostages' release: return the Shah's wealth, unfreeze all Iranian assets, drop legal claims against the assets and promise no future interference in Iran's internal affairs.

SEPTEMBER 22 — Iran and Iraq launch full-scale war in the oil-producing region of Khuzestan.

OCTOBER 21 — Mr. Ronald Reagan threatens a tougher line by a Republican White House.

JANUARY 14 — Iran's Parliament passes crucial legislation to allow conclusion of terms with U.S. negotiators.

JANUARY 19 — Written agreements are signed.

JUSTICE MINISTER NOMINATED AS NEXT MAYOR

Vogel asked to solve Berlin crisis

BY ROGER BOYES IN BONN

WEST GERMANY'S ruling Social Democratic Party (SPD) has found a high-powered means of sowing the serious political crisis in West Berlin. Dr. Hans Jochen Vogel, the Justice Minister and a strong candidate to succeed Helmut Schmidt as Chancellor, has been nominated as the next governing Mayor of the troubled city-state.

The move, which is still to be formally approved by the SPD's coalition partner, the Free Democratic Party and by the SPD rank-and-file, ends days of uncertainty in Berlin and Bonn following last week's surprise resignation of Herr Dietrich Stobbe from the post of governing Mayor.

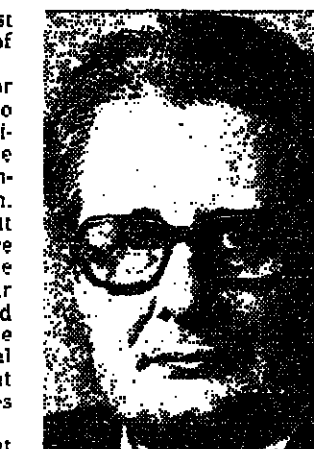
Herr Stobbe had been forced to reshuffle his Cabinet after several Senators (ministers) had become immersed in a building scandal. But the Berlin Parliament rejected four of the nominated Senators after several of the Government supporters had voted with the Opposition Christian Democrats.

Dr. Vogel, once the youngest-ever Mayor of Munich and a Federal Housing Minister, will take over as a caretaker Mayor until new elections later on this year. It is assumed that if he wins the elections against Herr Richard Von Weizaecker, the CDU candidate, he will carry on serving as Mayor.

That does not necessarily mean that Dr. Vogel will no longer be the "crown prince" to Chancellor Schmidt. On the contrary, West Berlin remains a strong political staging-post for a career in the top rank of Federal politics.

However, that Chancellor Schmidt should be prepared to allow such a high calibre Minister as Herr Vogel to leave the Cabinet is a token of his concern for the events in Berlin. The crisis threatened to put strain on an already insecure coalition in Bonn between the SPD and FDP. It was not clear in Berlin, for example, who had betrayed Herr Stobbe in the vital vote, though the Social Democrats are convinced that at least six FDP representatives must have defected.

This has reinforced fears that the FDP may consider switching horses and go into an alliance with the Christian Democrats.



Dr. Hans Jochen Vogel

Schmidt attacks 'fairy tale' claims of rift

BY ROBERT MAUTHNER IN PARIS

NEWSPAPER REPORTS suggesting Franco-German relations had deteriorated were no more than a "fairy tale," Herr Helmut Schmidt, the West German Chancellor, said last night.

On a French television programme, Herr Schmidt said that West Germany's relations with France were excellent.

The reports referred to suggested that France and West Germany had disagreed lately over East-West detente policies and that personal relations between Herr Schmidt and President Giscard d'Estaing had cooled.

Detente remained possible, he said, on condition that an East-West military balance was achieved. The Chancellor said that the Soviet SS-20 missiles aimed at Europe had no equivalent in the West, and that they were upsetting the balance of forces.

Herr Schmidt said he had to be careful not to interfere in the French presidential election campaign. This did not mean, however, that his personal relations with the French president would be interrupted. The two are due to meet for a Franco-German summit at the beginning of next month.

Herr Schmidt gave M. Raymond Barre, the French Prime Minister, cautious congratulations for his economic policies. The results of France's economic policy were often undervalued, he said. "Basically, M. Barre is pursuing a policy which is correct."

The Chancellor also expressed his personal confidence in U.S. President-elect Ronald Reagan.

Jonathan Carr in Bonn adds: Herr Schmidt said he had confidence in President Reagan and did not believe that U.S. foreign policy would proceed from a too simplistic view

But he stressed that while Senate testimony by designated members of the Reagan Administration had already provided a relatively clear picture of U.S. foreign and defence policy, Washington's future economic course remained obscure.

Danes may soon adopt British windpower idea

By Our Copenhagen Correspondent

THE DANISH alternative energy project using electricity-generating windmills could soon be more closely linked with British thinking on the establishment of "forests" of offshore windmills.

The Danish four-year research programme closed officially at the start of the New Year, but the Danish electric workers' organisation which is working on the scheme has asked for a further Kr 12m (£833,000) from the 1981 allocation of Kr 100m for energy research in order to continue for another 18 months.

Mr. Mogens Johansson, project leader, says his team will continue development and testing of two generating mills, each with propeller diameters of 40 metres, built and working at Nibe in Jutland.

The coastal mill scheme has been attacked from environmentalists. One answer, *developed by British technicians*, is to go offshore

Oslo investigates oil shipment

By Fay Gjester in Oslo

NORWAY'S Government moved at the weekend to stop shipment to South Africa of a cargo of 125,000 tonnes of crude oil from the Ekofisk field, in the Norwegian part of the North Sea.

The Norwegian tanker carrying the oil, MT Jane Stove, was stopped at the Government's request off the South African coast.

Norwegian officials were trying to discover why the oil had been sold to South Africa. Companies with rights on Norway's shelf have a gentleman's agreement with the government not to sell Norwegian-produced oil to South Africa.

Opposition to Dalsager grows

BY JOHN WYLES IN BRUSSELS

THE Danish Government and Mr. Poul Dalsager, its new European Commissioner, were last night mounting a desperate defence against attempts to deny him the EEC's key agricultural portfolio.

Since Mr. Dalsager was appointed last Wednesday in succession to the late Mr. Finn Olav Gundelach, a campaign started which was aimed at thwarting Copenhagen's demands that it new Commissioner should inherit Mr. Gundelach's responsibilities.

The main challengers look likely to be Mr. Frans Andriessen from the Netherlands and Italy's Sig. Lorenzo Natali. If requested by his colleagues, Belgium's Viscount Etienne Davignon is said to be prepared to accept the portfolio.

Mr. Dalsager and his 13 new colleagues will try to settle the matter at a meeting tomorrow. The 51year-old Social Democrat who was Danish Minister of Agriculture until last week, held preliminary talks yesterday afternoon with M. Gaston Thorn, the Commission President, and then paid courtesy calls on most Commission members.

The objections to Mr. Dalsager carrying off agriculture vary. But they may be sufficient to risk re-opening the allocation of portfolios painfully achieved by the Commission two weeks ago.

Broadly, some commissioners believe strongly that the agriculture portfolio is too important to be allocated to a newcomer. Others, especially would-be reformers of the Common Agricultural Policy, object to putting a former Minister of Agriculture sympathetic to the CAP in charge.

France urges protest at Libya

BY JOHN WYLES IN BRUSSELS

FRANCE IS urging her EEC partners to cool their relations with Libya in a collective protest against the Tripoli regime's recent "merger" with Chad.

France appears to be looking for a sharp response from the Community in the form of cancellation of official visits. A particular target is Colonel Gaddafy, the Libyan leader, who may visit both Italy and West Germany later this year.

At a meeting of officials from EEC foreign offices last week, France is believed to have argued that the Colonel's visits should only be allowed to go ahead if they are judged "very necessary."

Other visits by Libyan officials should be discouraged while EEC governments should avoid sending official delegations to Libya, French diplomats are said to have argued.

France's attempt to enlist the Community is a measure of its concern to mount whatever diplomatic pressure is possible against the Libya-Chad merger.

It is also another example of a member state seeing a Community approach on a foreign policy question as likely to be more effective than a purely national effort.

M. Jean Francois-Poncet, France's Foreign Minister, was expected to try to raise the Chad question at a meeting of EEC Foreign Ministers in Brussels today. This first session of the year will be heavily dominated by foreign policy issues, principally the next phase in the Community's search for a Middle East peace initiative.

Portugal cracks down on state concerns

BY DIANA SMITH IN LISBON

THE Portuguese public sector will no longer receive automatic state hand-outs or have indiscriminate resort to foreign borrowing.

Over-staffed state concerns running at huge deficits must pare their costs or face an uncertain future. Meanwhile, the private sector will be given encouragement.

This is the crux of the 129-page programme of the new government presented by Sr Francisco Balsemao, Prime Minister, to the republic's assembly.

Debate on the programme begins today, and, judging by initial responses from the Communist Party, which spurred the 1975 takeover of industry and finances, it will be heated.

However, Sr. Balsemao's alliance of Social Democrats, Christian Democrats and Monarchists has a 16-seat majority.

While gradual restoration of the market economy is the keynote of the programme, Sr. Balsemao has stressed that judicious price-income and monetary policies must be maintained so as to break the vicious viricle of 1974-79

The government states that, in 1981, every effort will be made to hold inflation to 16 per cent—compared with just over 17 per cent in 1980 and 24 per cent in 1979.

Gaullist win cheers Giscard supporters

By Robert Mauthner in Paris

THE VICTORY of a Gaullist candidate in a crucial Parliamentary by-election in the Eure Département, northern France, has rather paradoxically, been greeted with a sigh of relief by the supporters of President Giscard d'Estaing.

The election was seen as a pointer to public opinion in France three months before the presidential elections, with opinion polls showing a rapid narrowing of the gap between President Giscard and his main rival, M. François Mitterrand, the Socialist leader.

Although the Gaullist RPR Party is expected to field its own candidate in the presidential election, and two other independent Gaullists will also be running against President Giscard, the Giscardians still prefer Gaullists to win by-elections at this point rather than Communists or Socialists.

In the Eure Département where the Gaullist candidate risked defeat by the Communist representative, pro-Giscard UDF voters turned out in strength in the second round run-off to help the Gaullists retain their seat.

The result was by no means a foregone conclusion. In the first round, the Gaullist RPR candidate, M. Jacques Tailleur, led the field with 17,012 votes but the combined votes of his Communist and Socialist rivals totalled 22,904.

In the final ballot, however, when the only two leading contenders were left to fight it out, the Gaullist representative beat his Communist rival by 25,116 votes to 22,739, or 52.5 per cent of the total vote against 47.5 per cent.

The Communists have bitterly blamed the Socialists for not switching all their votes to the remaining left-wing candidate, after their own representative had been knocked out.

But the turn-out in the second round of a large group of pro-Giscard UDF supporters, who had abstained in the first round, appeared to help ensure the Gaullist victory.

Whether the Guallists will return the compliment in the presidential election is one of the big question marks over the national poll at the end of April.

Italy air strike talks

By Rupert Cornwell in Rome

TALKS AT the Labour Ministry in Rome today offer the best hope of an early end to the strike by Italian air line pilots. The strike started at midnight on Sunday virtually paralysing Alitalia, the state airline, and ATI, its domestic offshoot.

Yesterday almost all international and inter-continental flights by Alitalia were grounded. The airline, with the help of the military, is operating a skeleton service of domestic flights, especially to the islands.

The airline estimates that the strikers' demands—for an average annual pay increase of L18m (£8,000)—would add up to 77 per cent to its wage bill for pilots. The bill would be doubled if the higher claims of the pilots—for an extra L25m (£11,000) on average—were granted.

Wage and price watchdog claims partial success

BY IAN HARGREAVES IN NEW YORK

PRESIDENT Carter's Council on Wage and Price Stability, under sentence of death from the incoming Reagan Administration, claimed in its final report that its efforts to cut wage and price inflation reduced the price index by between 1 and 1.5 per cent during the two years of its existence.

But the council's reports admits that its overall objective of dampening inflation through the use of voluntary wage and price guidelines was "a dismal failure."

The council argues that its strategy was undermined by unexpected strength in the world economy, which forced commodity prices higher. All the council was able to do, the report says, was to prevent a bad situation from becoming worse.

The council has also ended its two-year life without ever using its most drastic weapon for enforcing the price guidelines, the withholding of federal contracts from offenders, although use of the weapon was threatened on a number of occasions.

As for cost effectiveness, the council says its activities cost the Government $10m (£4.2m) and private business $300m. The report describes this as a light penalty compared with the $47bn drop in economic output which, it contends, would have been required for fiscal and monetary methods to produce a 1 to 1.5 per cent abatement in the rate of inflation.

The wage-price council is credited in some quarters, however, with having ensured that for two successive years wage increases lagged behind the rise in consumer prices. Others attribute this to high unemployment and other market factors.

Although final consumer price index figures for 1980 are not yet available, the rise between December 1979 and December 1980 is estimated at around 12 per cent, compared with an increase in the index of non-farm hourly-paid wages for the same period of 9.3 per cent.

In view of this, it is perhaps surprising that last year was also the most peaceful since 1965 on the labour front, in terms of days lost through strikes. This was in spite of the fact that it was a year of relatively heavy bargaining, with new contracts renegotiated in the steel industry, the docks, telecommunications and a large slice of the construction industry.

One explanation is that most of the bigger industrial unions, such as the steelworkers, have pay deals indexed to the cost of living and have done relatively better than the average hourly-paid worker.

North-South plea to big powers

BY WILLIAM CHISLETT IN MEXICO CITY

AN ATTEMPT is under way to persuade the U.S., the Soviet Union and China to sit round the same conference table in the North-South talks which are likely to take place in Mexico in June.

Chancellor Bruno Kreisky of Austria is sounding out Moscow to see whether it is willing to attend the meeting of about 20 leaders of industrialised countries and developing countries.

Austrian officials have said the Soviet Union will probably delay its response until the Reagan Administration settles in, but if it shows interest, it will be formally invited.

If Moscow accepts, then China, which wants to attend, will also be invited, according to Mexican officials. The U.S. is interested in attending, they added, and a formal invitation will be made to President-elect Reagan once he takes office.

Austria and Mexico initiated the idea for the talks which are aimed at forging a common will to try to deal with the economic imbalance

West Germany, France, Britain, India and Nigeria are among countries which have indicated their willingness to attend. The meeting is expected to be preceded by a gathering of Foreign Ministers of the countries taking part, probably in Vienna in March.

The Soviet Union has always felt that it has nothing to do with the North-South dialogue since it regards the problem as being entirely the making of the "imperialist" powers.

But, according to the Mexicans, Chancellor Helmut *Schmidt of West Germany* is particularly keen that the Soviet Union should, at least, be given a chance to attend. He argues that such a major power cannot be excluded from any meaningful talks on world economic development.

The developing countries, particularly Mexico, are less keen because they feel that the presence of Russia could add an ingredient of East-West rivalry and divert attention from the issues which they want to discuss.

Ottawa promises more aid for Caribbean states

BY CANUTE JAMES IN KINGSTON

CANADA is to increase economic assistance to the Caribbean Commonwealth countries and is also to assist in the security needs of the region.

Mr. Mark MacGuigan, the Canadian Secretary of State for External Affairs, told a conference in Kingston that the increased aid was part of his country's determination to increase its global development assistance from the current level of 0.43 per cent of gross national product to 0.5 per cent by 1985.

Mr. MacGuigan said the Canadian Government had decided to make the Caribbean Commonwealth countries a priority area

The first tangible results of the new policy, he said, would be an increase in bilateral aid to C$55m (£19m) a year. C$25m more than the current level.

Based on what he said was a Canadian desire to "intensify and deepen our economic and political relationships with the states of the Caribbean Commonwealth," Mr. MacGuigan said Ottawa was offering opportunities for military training in Canada for Caribbean nationals.

Training is also being offered for police officers, coast guard officers and in civil emergency planning to deal with disasters

Canada nuclear inquiry in UK

By Simon Henderson

A CANADIAN detective is coming to Britain next month as part of investigations into the shipment of electronic components from Canada for alleged use in Pakistan's secret nuclear weapons project.

The components were for equipment known as inverters. Britain banned their export in 1978 after Pakistan placed an order for £1.25m worth through a Swansea-based trading company. Emerson Electrical Controls of Swindon was contracted to carry out the order.

In August last year Canadian police arrested three men who were accused of trying to send the inverter parts abroad. One shipment was going to Pakistan, the other to Dubai, but the police say this second shipment was also destined for Pakistan.

The three men, all naturalised Canadians but originally from Egypt, Pakistan and India, pleaded not guilty to a total of 28 charges when they appeared in a Montreal court last week. They were remanded on bail until February 27.

Salvador army stands by for 'inaugural offensive'

SAN SALVADOR — About 150 people died in weekend clashes between troops and Left-wing guerrillas engaged in an offensive to overthrow the El Salvador Government.

Announcing the figure, officials in the capital said the insurgents appeared to have failed badly in their week-old offensive but might try to stage a spectacular attack today when Mr. Reagan takes office as U.S. President. Preparing for such a move, the army is on full alert and was yesterday carrying out mopping up operations.

The Left is angry about the Carter Administration's resumption of $5m (£2.1m) in U.S. military aid to El Salvador last week and many believe Mr. Reagan will provide greater support.

A military spokesman said the most serious weekend fighting took place near the village of Penas Blancas, 50 miles north of the capital, where the army took a guerrilla camp by surprise early on Sunday.

More than 90 insurgents and one soldier were killed during several hours of fierce fighting before the insurgents fled, he said. Eyewitnesses reported seeing more dead soldiers.

Reuter

Colombia leader to withdraw

BOGOTA — President Julio Cesar Turbay of Colombia is to give up the presidency temporarily and to go abroad for medical treatment.

He made the announcement at a rally in the west of the country.

Reuter

Our Washington staff raise the curtain on today's Presidential inauguration

No expense spared for Reagan gala

PRESIDENTIAL inaugurations are supposed to set the tone for the incoming Administration. John Kennedy wore no overcoat in sub-freezing temperatures, symbolising youth; Richard Nixon, not the most secure of men, needed the gratification of a coronation; Jimmy Carter issued a Southern populist "Y'all Come" invitation to the nation.

Thus it is hardly surprising that Ronald Reagan will be ushered into office in a manner befitting, before he became a politician, his most illustrious career. For a few days, Hollywood has taken over Washington.

Anybody who has listened to the radio or watched television in the last few days has come across a lot of Frank Sinatra. He has become quite an adept television salesman recently and the switch from peddling Chrysler cars to flogging inaugural memorabilia has not proved onerous.

He was even due to warble a few notes at a gala last night, which otherwise would have to content itself with the "stars of stage, screen and radio" like Elizabeth Taylor (wife of the Senator from Virginia, Mr. John Warner), Effrem Zimbalist Jr, who hunted down criminals on television for the FBI, and Charlton Heston, the chariot driver.

Because it is a Hollywood extravaganza, the Reagan inauguration is by far the most expensive ever. The cost is certain to exceed $10m, more than three times as much as Mr. Carter's four years ago. But, as Republicans are known as good businessmen, it is intended to be self-supporting.

In 1977, Mr. Carter decreed that no ticket to any of the inaugural events should cost more than $25 and that as many as possible should be free. This time, there are far fewer free events, and ticket prices range from $10 to $500, depending on the occasion.

In 1977, the Carters wanted few grandstands erected, so that as many people as possible could line the streets for the inaugural parade and get a decent view. This time, 26,000 specially-built grandstand seats have been set up along Pennsylvania Avenue, with those enjoying the privileged vista paying as much as $100 per seat.

Another $100 will also buy admission to one of the eight inaugural balls around town, each one of which the Reagans will visit. They will not, however, look in on the "youth ball," in which eht discotheque music might be a little rapid for a man about to become the oldest ever to move into the White House.

Highlights of each of these balls will be broadcast live to over 100 sites across the country, where balls in absentia are being held, at a modest $10 per person. Other sources of finance include the usual political contribution and loans—the proceeds of the sale of souvenirs, which include a $1,050 Paul Revere bowl with the inaugural seal on it (described as "a symphony in fluid grace"), "Nancy Reagan roses" in Biehm porcelain, at a mere $650 apiece, and the usual array of tote bags, scarves and buttons.

Always one of the high spots of the inauguration is the parade itself. The Reagan orders are that it be brisk and traditional, with lots of marching bands and horses. The Reagans will not, as the Carters did, walk hand in hand down Pennsylvania Avenue—given the weather recently, this seems a wise precaution against incipient pneumonia. Nor, as far as one can tell from the Presidential grandstand outside the White House, will that structure be partially heated by a solar collector, as it was, rather ineffectively, four years ago.

The Reagans also want the whole affair to be much more formal than in 1977, with morning coats for the swearing-in ceremonies and white tie and tails in the evening. This, again, is considered symbolic of the social life they will live in the White House and it has given rise to some controversy here.

A distasteful piece of journalism was recently perpetrated by Mr. Hugh Sidey, Time magazine's venerable commentator, who hoped that the Reagans would bring a little "class" back to Washington. It is true that some of President Carter's Georgian aides occasionally behaved in ways displeasing to polite society, but to tar the Carters with the same brush is grossly unfair.

The outgoing First Family, even if it did not offer hard liquor to guests, entertained gracefully and with a catholic sense of niceties. Their appreciation of the arts was noteworthy and if they left a gap it was more than adequately filled by Mrs. Mondale, wife of the Vice-President and inevitably known as "Joan of Art."

However, it has to be said that what passes for Washington society can be both catty and fickle. Though Washington's hosts and hostesses may today be oleaginously preparing their tables for the new First Family with the finer cuts of meat on which wealthy Californians customarily dine (and giving the unused cans of black-eyed peas and grits to the dogs), their affections can change in a trice—as quickly as any of the avidly-watched public opinion polls.

Commercial, as opposed to social, Washington has an obvious stake in the change of administration. Real estate agents have been licking their lips in anticipation of the new breed in town—particularly because they believe that, no matter how expensive Washington houses may be, they are well under the prevailing astronomical rates in California.

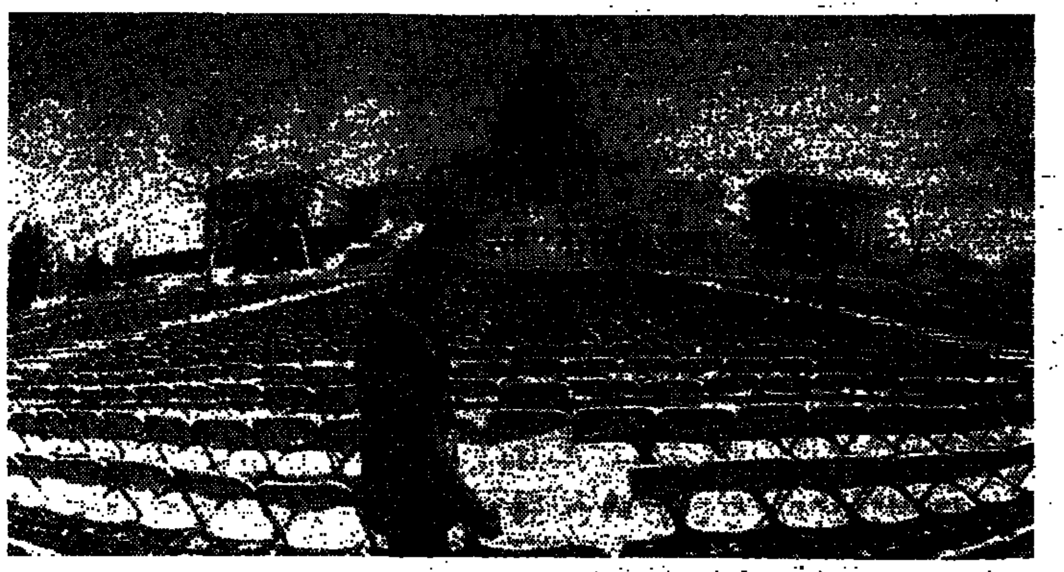
The fly in their ointment may be that Republicans, and Californian Republicans doubly so, do not like Washington, and tend to leave it as soon as they can: thus they will rent, not buy, and there is a dearth of rental property in the city.

Somebody has worked out that, in the short term, the inauguration could be worth as much as $30m to local Washington businesses. Never have so many limousines appeared on the streets; rarely have the restaurants been so crowded. Californian wines, predictably, are selling well—and this in a city where imported wines are, on balance, cheaper than comparable quality Californian vintages.

Mind you, all has not been going that smoothly so far. Mr. Sinatra's voice can be heard on the radio every few minutes advising people going to last night's gala concert that it would start half-an-hour earlier than scheduled.

Mrs. Barbara Bush, the new second lady, toppled over at a party and had to be rushed to hospital. More seriously, a scaffold supporting fireworks, which were to be lit to reveal the faces of Mr. Reagan and Mr. Bush, collapsed, killing a worker.

And the minds of most of the nation are, frankly, somewhere else—thousands of miles away with the hostages.



An architect checks the seating arrangements for today's ceremany outside the Capitol.

Vietnam troops must quit Kampuchea, says Suzuki

BY DAVID BUTLER IN BANGKOK

VIETNAMESE troops must withdraw from Kampuchea if stability and "harmony" are to be restored to South-East Asia, Mr. Zenko Suzuki, Japan's Prime Minister, said in Bangkok yesterday.

In his speech, the most comprehensive exposition he has given of Japan's political role in the region, Mr. Suzuki said Japan supported the resolution on Kampuchea sponsored by the Association of South-East Asian Nations (ASEAN) in the United Nations General Assembly last autumn.

He called on Dr. Kurt Waldheim, UN Secretary-General, to convene the international conference on the Kampuchean problem called for in that resolution.

The consensus of the Japanese people was that it would "never again become a military power threatening other nations," Mr. Suzuki went on. "What is expected of Japan instead, is to play a political role to help maintain world peace—a role commensurate with its status in the community of nations."

In Afghanistan, as in Kampuchea, there was an attempt "to control other nations through the use of direct force." He mentioned the Middle East, Poland and the Horn of Africa as other areas of unrest. But he stopped short of naming the Soviet Union as a threat to peace.

Mr. Zenko Suzuki

As has been the case in each of the other four ASEAN countries he has visited—the Philippines, Indonesia, Singapore and Malaysia—Mr. Suzuki made it clear that Japan believes the best way it can promote peace in the region is through development aid.

Japan would devote its assistance to four main areas:

- Rural development and the promotion of agriculture. Japan would "eagerly respond" to requests from any of the ASEAN countries for co-operation in such projects as irrigation, electrification and community health.
- Development of energy sources. Mr. Suzuki said he had found an increasing desire for Japanese co-operation in the development of new and renewable energy sources.
- The development of human resources. During the tour, Mr. Suzuki announced a scheme for setting up technical training centres in each of the five countries, with a headquarters in Okinawa. Japan would pledge about $100m (£41m) to the project.
- The promotion of small- and medium-sized businesses. Such labour-intensive smaller enterprises, especially those producing consumer goods, contributed to social stability, he added.

The Japanese Prime Minister also promised to honour the 1977 Japanese commitment of $1bn for five major industrial projects in the ASEAN group. The projects in Indonesia and Malaysia were now being implemented.

Yesterday's speech and Mr. Suzuki's tour in general—his first trip abroad as Prime Minister—puts Japan firmly on the U.S.-ASEAN side of the Kampuchean question. But he did promise that once peace has been restored to Kampuchea, Japan would co-operate "as much as possible" in the reconstruction of Indochina.

Moscow plans $70m aid boost

BY KATHRYN DAVIES IN SINGAPORE

PLANS DRAWN up by the Soviet Union for aid to Kampuchea would pre-empt many of the programmes already submitted by Western voluntary aid agencies, relief officials in Phnom Penh say.

A document compiled by the Soviet mission to the United Nations, and now circulating in the Kampuchean capital, says that the Soviet Union and the People's Republic of Kampuchea (the Vietnamese-backed Heng Samrin Government) have signed a number of agreements which "envisage rendering priority assistance totalling $70m (£29m) in restoring industrial installations, carrying out certain projects, and training local personnel."

These projects include construction of electric power stations, a cement factory, water purification plants, grain silos, vehicle repair workshops, and a chemical fertiliser factory.

The Soviet Union also proposes to build a hospital in Phnom Penh and four hospitals in the provinces with a total of 1,300 beds, and set up 30 mobile medical teams, two medical schools, and a vocational training establishment.

Western non-governmental agencies have recently encountered delays in getting agreement from the Heng Samrin authorities to implement projects which have already been agreed.

Their staff are believed to be becoming increasingly demoralised by the apparent inability of Kampuchean Government departments to take vital decisions, and by bureaucratic delays in getting permission for their personnel to travel outside the capital.

This may in part be accounted for by the failure to set up the much-heralded Ministry of Planning, for reasons which are unclear.

But some aid officials are alarmed by the "coincidence" that many of their own programmes have now appeared in the submission prepared by the Russians.

The Soviet Union says that its assistance programme for 1980 amounted to $134m, excluding military aid. The Russians also supply the whole of Kampuchea's fuel oil needs, although it is not known on what basis. Initially, Soviet petrol was donated free of charge.

The Russians say they delivered 130,000 tons of petroleum products to Kampuchea last year. They are also planning to donate three aircraft to start up a national airline which will fly to Ho Chi Minh City (formerly Saigon), Hanoi, and Vientiane in Laos.

Dutch envoy told to leave China

By Tony Walker in Peking

THE DUTCH Ambassador has been told to leave China because of a decision by the Netherlands to sell submarines to Taiwan.

China's Foreign Ministry informed Mr. J. Kneppelhout, the Dutch Ambassador, that it was downgrading diplomatic relations between the two countries to the level of chargé d'affaires.

This follows a campaign in the Chinese media against the sale of advanced conventional submarines to Taiwan.

The tough Chinese action comes on the eve of Mr. Ronald Reagan's inauguration as U.S. President and is seen by diplomats here as a warning to the U.S. that similar action could follow if the new Administration upgrades relations with Taiwan.

Mr. Kneppelhout was told the submarine sale "undermined" the basis on which China and the Netherlands established diplomatic relations at ambassadorial level.

The Foreign Ministry note said the arms sale "seriously infringes" China's sovereignty.

The submarine sale, worth about $250m, is part of a larger Dutch export deal negotiated with Taiwan. The submarines, built by Rijn-Scheide-Verolme, are among the most advanced of their type in the world.

Palestine issue heads Islamic summit agenda

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE THIRD Islamic Summit Conference, scheduled to begin in Taif, in Saudi Arabia, on January 25, will be dedicated to "Palestine and Jerusalem," Prince Saud Al Feisal, the Saudi Foreign Minister, confirmed on Sunday night.

This hardy perennial has figured high on the agenda at all meetings of the Islamic Conference Organisation and is one on which consensus and unity is guaranteed.

The main issue dividing the Moslem world remains the Iraq-Iran conflict. The Saudi plan that the summit might launch a major initiative to bring an end to the conflict has suffered by the failure so far of Iran to respond to the invitation to participate.

On this issue, Prince Saud expressed the hope that Iran would still send a representative. President Saddam Hussein of Iraq is to attend the conference.

The Islamic Conference Organisation remains the most promising framework for a face-saving compromise that might bring about a cease-fire, if not a solution to the dispute about sovereignty over the Shatt al Arab and inland border areas.

Fresh from its triumph in mediating agreement between the U.S. and Iran for the release of the American hostages, Algeria is also expected to take the initiative. Unlike Syria, Libya and the Palestine Liberation Organisation, its fellow members of the "Arab Steadfastness Front," it has not given support or expressed sympathy for Iran, but at the same time it has not backed Iraq in the conflict.

Top of the agenda of the "Mecca Declaration" drawn up by the foreign ministers in their preparatory meeting is the central Middle East conflict. The seven-point document says: "We pledge to struggle by all means at our disposal to liberate Jerusalem and for the return of occupied Palestine and Arab territories to their rightful owners."

Marcos devolves power

MANILA—President Ferdinand Marcos of the Philippines yesterday formally transferred his legislative powers to an interim National Assembly, but said he could reimpose the martial law rule he lifted on Saturday if national security was threatened.

"It is my hope never to exercise this power unless it is absolutely necessary," he said. "And then only after consultations with the interim National Assembly."

He reaffirmed his pledge that elections would be held in 1984 for a full National Assembly

Reuter

Nkomo renews attack on Mugabe

BY OUR SALISBURY CORRESPONDENT

RELATIONS between Zimbabwe's hostile coalition partners remained tense yesterday with Mr. Joshua Nkomo's minority party, PF-ZAPU accusing the ZANU-PF party of Mr. Robert Mugabe, the Prime Minister, of trying to impose a one-party state.

The charge, in a PF-ZAPU statement, was accompanied by a seven-point indictment of Mr. Mugabe's performance since independence last April.

Relations between the two men plummeted to their lowest in months 10 days ago, when Mr. Mugabe demoted Mr. Nkomo in a Cabinet shuffle, moving him from the Home Affairs Ministry, which controls the police, to the innocuous Public Service Ministry.

Mr. Nkomo objected bitterly to the move and, after a two-day meeting of the PF-ZAPU central committee last weekend, sent a message to Mr. Mugabe demanding a far greater say for PF-ZAPU in security affairs in return for his remaining in Government.

Mr. Mugabe flew to Lusaka yesterday without replying to Mr. Nkomo and there was widespread speculation here that the visit was prompted by President Kenneth Kaunda's close relations with Zimbabwe's disconsolate minority leader.

Mr. Mugabe was accompanied by a delegation including his chief security adviser and newly-appointed military chief, Mr. Emmerson Munangagwa. Ostensibly the Lusaka talks are aimed at establishing a committee to discuss joint development projects.

However, the inclusion of Mr. Munangagwa in the Zimbabwe team reinforced the view that Mr. Mugabe, long suspicious of and hostile towards Dr. Kaunda, will remind the Zambian leader that his wartime support for Mr. Nkomo should now be transferred to the independence government in Salisbury.

Dr. Kaunda could well be invited to pay a state visit to Zimbabwe when Mr. Mugabe feels assured that the Zambian leader has finally severed his ties with Mr. Nkomo. Dr. Kaunda must be smarting at the absence of an invitation since he is the only one of the three main "frontline" states in the Zimbabwe war not to have paid a State visit to the country.

Fokker to join in A-310 project

By Charles Batchelor in Amsterdam

FOKKER, the Dutch aircraft manufacturer, announced the signing of participation agreements with Airbus Industrie for the Airbus A-310 and with Shorts of Belfast for the Shorts 360. Fokker will build wing parts for the A-310, the smaller version of the A-300 Airbus, which is scheduled to make its maiden flight in March, 1982.

The Fokker share of the A-310 is 1 per cent, involving the supply of flap track fairings, all-speed ailerons, wing tips and carbon fibre hinge and leg fairing doors.

The company already supplies wing moving parts for the A-300, in which is has a 6.6 per cent share. Fokker is satisfied with its smaller stake in the A-310 because it wants to keep capacity free for its own aircraft programmes.

Work on the A-310 will provide 90 jobs at a production rate of 36 aircraft a year and 135 jobs at a rate of 55 a year.

Part of the Airbus deal is an agreement by the Dutch Government to compensate for any currency translation losses. Fokker incurred losses on its share in the A-300 production because of fluctuations in the guilder/dollar rate.

Fokker has also agreed to produce the outer wings and struts for the Shorts 360, a stretched version of the Shorts 330 passenger turboprop. The 36-seat aircraft is due to make its maiden flight later this year. Fokker already makes similar parts for the 330.

Six Shorts 360s have been sold, and the company expects to produce 36 a year by 1982.

Doubts on £1bn India fighter deal

BY K. K. SHARMA IN NEW DELHI

FRESH DOUBTS have arisen about the future of the £1bn deal between India and British Aerospace on acquiring and manufacturing the Jaguar twin-engined jet fighters for the Indian Air Force.

Officials in New Delhi say the Government is still reviewing the original contract which is unlikely to be carried out as signed by the Janata Government and British Aerospace about three years ago.

The officials describe the statement by Sir Frederick Page, chairman of the aircraft group of British Aerospace, to the effect that the contract would be carried out as originally planned, as being "highly premature."

Sir Frederick made this statement when he visited India as a member of the British industrialists' mission at the same time as Prince Charles, a couple of months ago.

The officials say no agreement was reached in talks which Sir Frederick held with Defence Ministry officials. They say the original contract provided for a review of the agreement, and this is now being made in the light of needs of the Indian Air Force in the next two decades.

What has still to be decided is how far the final stage of the deal will be carried through. This involves actual manufacture of the Jaguar in the Bangalore complex of the Government-owned Hindustan Aeronautics, and this part of the deal is in doubt.

Under the original deal, India was to import 40 Jaguars from British Aerospace, assemble another 45 imported in "knocked-down kit" form, and manufacture another 115 entirely in India.

The Defence Ministry is reviewing whether and how far the manufacturing programme under licence from British Aerospace should be carried through.

Present indications are that the manufacturing programme will be carried out only in so far as it ensures that the Jaguars in service with the Indian Air Force do not remain without spares and components at any time.

It is possible that apart from the 40 Jaguars to be imported and another 45 to be assembled in India, the Indian Government will offer to import another 40 or so in "knocked-down kit" and then seek to abandon the manufacturing programme altogether. A decision is to be taken "very soon," according to the officials.

It will be taken in the light of findings of a study now being made in the Defence Ministry on the kind of air defence system needed in India until the turn of the century. This takes into account the Jaguar, MiGs of all kinds, as well as a new "futuristic" light air-combat jet fighter.

While this last aircraft will primarily be developed in India, the Defence Ministry is considering collaborative offers from other countries, including one from British Aerospace.

- India yesterday asked the British Government to consider a proposal for creating a trade promotion fund as one of the concrete measures to boost India's marketing efforts in Britain.

Opening a four-day meeting of the Indo-British Economic Committee in New Delhi, Mr. Pranab Mukherjee, India's Commerce Minister, said the idea had first emerged in talks held as long ago as 1978 and should now be made a reality.

Oslo help for shipping industry

BY FAY GJESTER IN OSLO

A LONG-AWAITED Norwegian Government white paper on shipping policy has proposed only modest concessions to the country's crisis-hit shipping industry.

Norwegian shippers say the proposals, published at the weekend, are welcome as far as they go, but complain that they do not go far enough.

The crux of the policy is that the Government intends to make it easier — under certain conditions — for Norwegian ships to register under foreign flags and more attractive for foreigners to invest in Norwegian shipping companies. Recently-proposed changes in company taxation will also help the shipping industry, the White Paper points out.

To attract foreign capital and lessen the need for Norwegian shipping companies to operate ships under foreign flags, the Government promises to "consider" exempting from Norwegian taxation foreign partners in Norwegian companies which operate drilling rigs or ships in foreign trades. It will also adjust tax rules so that foreign shipowners will not be liable for Norwegian taxes if their ships are managed by Norwegian companies.

Ageing Norwegian-owned ships which can no longer be profitably operated under the Norwegian flag may now be registered abroad while still operated by the Norwegian-based owners, provided the owner acquires equivalent new tonnage to be operated under Norwegian flag. But as a general rule the White Paper stresses that Norwegian ships be operated under the Norwegian flag and with Norwegian crews.

The services of the state-backed Guarantee Institute for Ships and Drilling Rigs, formed in 1975 to help Norwegian companies retain their ships and oil rigs through what was expected to be a relatively short slump, should be ended "as soon as possible."

The White Paper says there will be no extension of an arrangement — introduced about two years ago — whereby the Guarantee Institute was allowed to guarantee loans by shipping companies to finance purchases of second-hand tonnage. The scheme was meant to tide the companies over a period of scarce liquidity, but the signs are, says the Government, that the shipping industry is now able to attract the capital it needs to maintain its activity. "From now on, international market developments will determine whether the industry should expand or undergo some further reduction."

Shell may build plant in Japan

By Martin Dickson, Energy Correspondent

SHELL and Mitsubishi petrochemical are considering jointly building a $200m chemicals plant in Japan to make feedstocks for synthetic detergents under a special Shell production process.

Shell says the two companies have agreed to carry out a feasibility study on the introduction to Japan of the Shell Higher Olefins Process (SHOP). This is a means of producing several different higher olefins used as raw materials in the manufacture of synthetic detergents and speciality chemicals.

They expect the study to lead to the establishment of a joint venture company to build a SHOP plant and a higher alcohols plant at Mitsubishi Petrochemicals' site at Kashima.

They would aim to start production in 1985.

Industry holds financial position

INDUSTRY succeeded in preventing its overall financial position from getting worse last year despite the fall in profits.

This appears to be because companies took earlier and more drastic action to retrench than during the 1974-75 recession.

Central Statistical Office figures published yesterday show that the net borrowing requirement of industrial and *commercial companies in the* six months to September was £1.4bn compared with £4.8bn in the previous half-year. This broadly indicates its cash position.

The addition to bank borrowing increased *from* £2.9bn to £4.5bn during that period but this was accompanied by a build-up of liquid assets, notably bank deposits.

These figures are for the company sector as a whole. Some companies were obviously forced to increase their net borrowing substantially while others were able to increase their bank deposits.

Nevertheless, while the burden of interest payments has grown, capital gearing—the ratio of debt to equity—has remained below the 1974 peak level.

The pattern of finance is that the undistributed income of industrial and commercial companies was £5.9bn in the six months, the lowest half-yearly total since early 1976 and more than a third lower than in the previous six months.

This was mainly because gross trading profits fell by £2.6bn, the first time that profits over a six-month period have fallen for almost 15 years. Interest payments, mainly to banks, rose by about £400m.

However, the slowdown in the inflation rate meant that the amount required for stock appreciation dropped by about £2bn between the half-years.

Volume of stocks and work in progress dropped by £1.39bn in *the six months to September.* Manufacturing industry cut its stocks of materials and fuel. However, gross domestic fixed capital formation was slightly higher, with capital spending on plant and machinery remaining buoyant.

The combination of the fall in saving and large-scale destocking meant that the financial deficit of industrial and commercial companies only rose by about £100m to £2bn in the six months to September.

The financial deficit shows what needs to be raised from other sectors of the economy after estimating the balance of saving over capital spending. The net borrowing requirement measures the amount of money *borrowed except in the form of* import and other credit received less the acquisition of liquid and certain other financial assets.

INDUSTRY'S FINANCES
£m. SEASONALLY ADJUSTED

		Net borrowing requirement	Financial deficit/ surplus
1977		1,641	−585
1978		2,519	+78
1979		5,543	−3,963
	1st	2,296	−1,253
	2nd	1,276	−85
	3rd	694	−1,015
	4th	1,277	−1,610
1980	1st	3,565	−280
	2nd	536	−1,081
	3rd	822	−877

Source: Central Statistical Office.

Energy cost taskforce holds first meeting

A 12-MAN task force set up earlier this month by the Government and the National *Economic Development* Council to assess the impact of high energy costs in UK industry held its first meeting yesterday.

It is to prepare a report within six weeks. This will be considered by the council in March, just before the announcement of the Budget which leading industrialists hope will include measures to *help offset the rising cost of* energy.

The names of the task force, chaired by Mr. Geoffrey Chandler, director general of the National Economic Development Office, were announced yesterday.

Confederation of British Industry representatives are Mr. J. Pitts, Tioxide Group chairman, and Mr. A. Scott, head of the confederation's fuel and energy department.

The TUC is represented by Mr. *Frank Chapple, of the* Electrical and Plumbing Trades Union, who is chairman of the TUC's fuel and power committee, and Mr. B. Callaghan, head of the TUC's economic department and secretary of the fuel committee.

Nationalised industry representatives are Dr. E. Clatworthy for British Gas, Mr. J. Burchnall for the Electricity Council and Mr. M. Parker for the National Coal Board.

Representing the Department of Energy are Mr. J. Guinness, head of its energy policy division, and Mr. G. Houston, senior economic advisor.

Deputy chairman of the task force is Mr. J. Homan, deputy *industrial director of the NEDO.*

Tax deposit rate *reduced to* 13¾%

THE RATE of interest on UK certificates of tax deposit held privately by companies to pay future tax bills will be reduced to 13¾ per cent from 14 per cent with effect from January 19, the Treasury said.

Interest on deposits withdrawn for cash will be unchanged at 11 per cent.

INTEREST rates on National Girobank peronal loans are to go down 1 per cent from Monday.

Illegal discharge of oil attacked

A CALL for improved law enforcement at sea against ships which illegally discharge oil has been made to Mr. John Biffen, the Trade Secretary, by the Royal Society for the Protection of Birds.

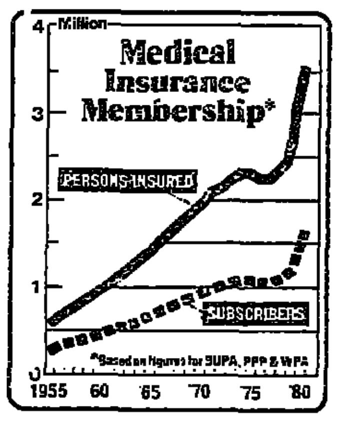
The society, which would like much higher penalties and sanctions against ships convicted of the crime, claims that oil slicks have caused the deaths of more than 40,000 birds since the New Year.

More than 6% covered by medical insurance

MEDICAL insurance schemes covered 6.4 per cent of the population at the end of last year, says a survey by Lee sultant economists. This compares with 4.9 per cent at the end of 1979. Last year was the best ever for medical insurance.

The survey covers membership of three big non-profit provident associations — British United Provident Association, Private Patient's Plan and Western Provident Association.

Although nine associations and two commercial companies offer medical insurance the three big associations account for 93 per cent of the market.



The number of subscribers to the three associations rose *27.5 per cent last year,* to 1,647,000 from 1,292,000 at the end of 1979.

Under many arrangements, a subscriber's wife and children are covered. Lee Donaldson estimated that at the end of last year there were 3.58m people covered compared with 2.76m at the end of 1979.

The biggest growth rate was recorded by BUPA, where the number of subscribers improved by 30 per cent from 964,000 to 1.25m.

BUPA has three-quarters of the market. Last year's growth was boosted by the well-publicised arrangement with the Electrical Contractors Association and the Electrical *and Plumbing Trades Union,* which added 40,000 subscribers.

WPA recorded a 26.7 per cent rise in overall membership to *78,000 and PPP 17 per cent* to 312,000.

The significant factor last year was the rise in the number of individuals taking out medi*cal insurance. Until 1979 the* number in this category had declined steadily since 1971 because of steeply rising contributions.

In 1979 there was a slight increase in individual membership. Last year it rose 25 per cent to 776,000 reflecting growing disenchantment with the National Health Service. Group membership through company schemes continued to grow strongly, rising 29 per cent to 871,000.

● Insurance company salesmen and intermediaries other than insurance brokers will have to abide by two codes of selling practice published by the British Insurance Association and the three life company associations. One refers to general insurance selling, the other to life insurance.

Talks soon on small business loans plan

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is to start consultations with financial institutions and other organisations during the next few days on a possible self-financing loan guarantee scheme for small businesses.

This was confirmed yesterday by Mr. John MacGregor, the Department of Industry's new junior Minister responsible for small businesses.

Although Ministers are ex*pected to approve a scheme in* principle by Budget Day on March 10, Mr. MacGregor stressed that no formal Government decision had yet been taken.

The Scheme will be based on proposals drawn up by Mr. Barry Baldwin, an advisor to the Conservative Party's headquarters who is on secondment from Price Waterhouse.

Mr. Baldwin is a prominent member of the Union of Independent Companies which has played a significant role in persuading the Government and various financial institutions, including the Co-operative Bank, to develop guarantee proposals.

His scheme envisages 75 to 80 per cent of security for loans being guaranteed by the Government where businessmen cannot produce enough security themselves. Institutions such as pension funds and insurance companies could opt into the scheme as well as banks.

The Bank of England would administer the fund for the Treasury.

The lending banks and other institutions would pay a premium of perhaps 2 per cent into the fund. This would be intended to cover defaults and should make the scheme self-financing, although the Treasury would agree to underwrite the funds for a specific period.

Mr. MacGregor said such a scheme could cover service industries as well as manufacturing and could help small businesses start up and expand. It is being considered at the same time as the National Enteprise Board is developing its own loan scheme which might be linked with finance from the European Coal and Steel Community.

He acknowledged that the decline of the economy since the general election had worsened the plight for small businesses but said the Government had introduced about 50 measures to help them survive and grow.

He is about to start a round of talks with the representative organisations involved.

● The Department of Industry yesterday published six booklets aimed at helping small businessmen cope with subjects such as public purchasing, microelectronics, accounting, bookkeeping and exporting.

They are available from the Department's local small firms' centres.

Television reporter loses appeal in Goldsmith row

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR. MICHAEL GILLARD, a World in Action television reporter, lost his appeal against a High Court jury's rejection *of his* claim for damages for slander against Sir James Goldsmith.

Mr. Gillard contended that there was no evidence on which the jury reasonably could have found that Sir James' allegation that Mr. Gillard had blackmailed Mr. John Addey, apublic relations consultant, to obtain information for Private Eye, was true.

But yesterday the Court of Appeal decided there was evidence from which the jury could have inferred that the *allegation was true.*

Mr. Gillard sued Sir James after the latter told newspaper and magazine editors that Mr. Gillard had blackmailed Mr. Addey.

Mr. Gillard denied the accusation. Sir James contested the appeal and asked the court to uphold the jury's verdict in his favour. The appeal was dismissed with costs.

Lord Justice Templeman said that it did not follow from the jury's verdict that Mr. Gillard was a blackmailer, or had forfeited the right to work as a journalist.

The verdict meant that in the charged atmosphere of the dispute between Sir James and Private Eye, Mr. Gillard, inspired by loyalty to the magazine had gone too far.

He had used an article discreditable to Mr. Addey as a means of spurring Mr. Addey to find out information derogatory *of Sir James' solicitor, Mr. Eric* Levine.

Mr. Gillard had fallen victim to "this dreadful feud," which had caused him and others so much agony and expense, for no good purpose to anyone, the judge said.

GKN to expand its board

BY OUR OWN CORRESPONDENT

GKN, Britain's largest engineer*ing company, plans to increase* the size of its seven-man management committee, which is responsible for running the company.

GKN said that the move reflects the need to spread the growing burden of overseas travel among a larger number of executives.

The three newcomers to the management committee from January 19, 1981, will be Mr. Alan Cox, Mr. Alec Daly and Mr. David Lees.

Mr. A. Cox was formerly the *chief executive of the general* steels division. GKN said yesterday it did not plan to replace him immediately.

Mr. Daly was formerly the *chief executive of the Sankey* division and GKN said a replacement for this post would be announced in due course.

As for Mr. Lees, he will continue to perform *his* duties as general manager, finance, as well as taking on additional undefined responsibilities.

Builders foresee crisis in housing

Financial Times Reporter

A HOUSING shortage of crisis proportions is developing, according to Mr. Lynn Wilson, the new president of the House Builders' Federation.

The shortfall in new housing output in 1980 was "disastrous" and little improvement could be expected this year.

He pointed out that the 1977 Green Paper on housing requirements forecast the need for a combined total of *300,000 public and private* sector homes each year in the 1980s. The figure had reached only about 150,000 in the past 12 months—the lowest annual total since 1953. "We are no longer talking about theoretical housing shortages or surpluses, but the danger of a real housing shortage beginning to affect society's con*science and comfort,* just as it did in the 1960s.

"The winding down of the public housing building programme and the likelihood that growing numbers of *tenants will be persuaded by* rising rents to move into the private sector means that the demands made on the private builder will grow. If we are unable to respond, we could be throwing away all the advantages gained in the 1960s and 1970s."

Lambeth's finance director reinstated

Mr. Jack Halligan, Lambeth Council's finance director, has been reinstated. He was suspended after a row with Mr. Dixon Ward, the chief-executive, over budget strategy papers.

An internal inquiry into his conduct will be carried out by Mr. Ward, who is himself the subject of an inquiry by the council into his conduct during the row.

Global Paper fined for late VAT

GLOBAL PAPER of London was yesterday fined £10,000 *plus £25 costs for being* 108 days late in paying more than £53,000 VAT. The importer admitted the offence, blaming a cash flow problem.

Humber Bridge to cost nearly £88m

THE COST of the Humber Bridge has risen to £87.88m at prices ruling at the end of November, the bridge board was told yesterday. The bridge will not open to traffic before mid-April.

Hope for rise in landscape grants

THE MAXIMUM grants for *conservation work in areas of* outstanding natural beauty may increase to 75 per cent of costs as soon as financial circumstances permit, the Countryside Commission said yesterday.

At present the maximum is 50 per cent of approved costs, to local authorities and individuals, for specific projects in Britain's 34 designated areas. The commission also wants more local advice about enhancing the landscape.

Mitel near decision on Newport plant

BY GUY DE JONQUIERES

MITEL, THE fast-growing Canadian telecommunications manufacturer which recently won an important order to supply exchanges to British Telecom, is near a decision on Newport, South Wales.

a £44m production plant, in

Dr. Terry Matthews, executive vice-president, said yesterday that Mitel's Board would vote on the project early next month.

Other sites were being considered, but he was convinced Newport was most suitable.

Mitel plan to build a 250,000 sq ft factory. Dr. Matthews said he expected the first stage, of 150,000 sq ft to be completed by the end of this year, with the rest added over the next two years.

The plant would initially provide about 1,300 new jobs, *increasing to 1,700 by 1983* and to 3,000 by 1990. Dr. Matthews expected production worth £40m in the first full year's operation, 60 per cent for export.

Mitel has already been offered £16m in loans towards the project by the European Coal and Steel Community, seeking to help regions depressed by steel industry closures.

The company is also negotiating with UK authorities on further assistance.

Mitel was founded in 1973 by Dr. Matthews and Dr. *Michael Cowpland, the com*pany's president, both British-born. Its sales were C$43m in 1979-80 and are expected to more than double in the current financial year.

Much of the company's success is based on its application to smaller telephone exchanges of an innovative microelectronic circuit technology, which it pioneered.

Both General Electric Company (GEC) and Plessey have taken out licences for the technology, known as ISO C-MOS. Dr. Matthews said he expected to buy components from the two companies.

It was also "highly likely," if the project went ahead, that Mitel would purchase supplies from Inmos, Britain's State-backed venture in microelectronics manufacturing, *which is building its first UK* plant in Newport.

Mitel, which obtained a listing on the London Stock Exchange last autumn, won an order to supply private telephone exchanges (PABXs) with between 20 and 120 lines to British Telecom, against stiff competition from Britain's established telecommunications suppliers.

Dr. Matthews denied yesterday that there was any direct link between the order and the decision to set up a large production plant in the UK. This had been under consideration for several years.

The company has a small factory in Slough and an assembly plant in Ireland.

● *George H. Scholes, the Man*chester electrical components manufacturer, is to establish a joint venture with Brown Boveri (Mannheim) to make miniature circuit-breakers in Glenrothes, near Edinburgh.

Dunlop investigates European cash help

BY OUR OWN CORRESPONDENT

DUNLOP has held "exploratory" talks with the European Coal and Steel Community to establish what financial assistance might be available for new UK *projects* under the community's scheme to help areas hit by steel closures.

But the company yesterday denied reports that a decision would be announced soon to set up a £40-50m polymer plant for tyre-making, with possibly £20m in community loans.

The reports had suggested the plant would be located at *Bridgend, South Wales, or* Corby, Northamptonshire, and would employ up to 350 people.

Dunlop denied that any decisions are imminent.

It would be surprising *if* the company did not have various long-term products and projects under examination.

"And it is perfectly normal for us to take preliminary soundings as to what level of assistance or regional aid might be available should any of the projects come to fruition. But the reports give the impression *that decisions* have been taken, and this is just not true."

However, the company, which during the past 18 months has been undergoing a major restructuring, did acknowledge that the type of plant said to have been under discussion is a *logical step for the hard-pressed* tyre industry to take. Polymers offer a method by which Dunlop could cut down the amount of costly rubber needed in tyre manufacture.

Dunlop last year received £6.1m in UK Government aid towards modernising and rationalising its UK operations. Like other tyre makers, it has been badly hit by the motor industry recession, cheap imports and the widespread switch from cross-ply to long life radial tyres.

● BSC (Industry), the job-creating arm of British Steel, yesterday issued figures showing that it helped obtain £80m in cheap community loans up to the end of last year for projects in UK areas which has suffered steel-making job losses.

Some £75m was in loans to 18 major enterprises. Applica*tions for a further six, involving* a total of £61m, are being processed.

Ulster workless 'to rise'

BY OUR BELFAST CORRESPONDENT

THE NUMBER out of work in *Northern Ireland could rise* from the present 94,000 to 125,000, which is 21.5 per cent, by the end of the year, says a review of the region's economy by Coopers and Lybrand Associates.

The report said no substantial source of relief was in sight.

The forecast is based on that of 3m out of work in the UK in 1982.

Jobs in the service sector, main source of employment growth in the past, will decline, it says. Further job losses in building and manufacturing, with textiles as the main source, are forecast.

The consultants expect Northern Ireland industrial output to fall by 8 per cent this year, compared with an estimated 12 per cent in 1980. They forecast a slight decline of up to 2 per cent in volume of retail sales.

The Northern Ireland Economy, Current Situation and Prospects for 1981, Coopers and Lybrand, 108, Great Victoria Street, Belfast. £20.

Tootal's chairman dies

BY OUR NORTHERN CORRESPONDENT

MR. ROBERT AUDSLEY, chairman of Tootal, the Manchester-based international textiles group, since 1979, died suddenly at the weekend. He was 55.

Mr. Audsley, a Yorkshireman from Batley, spent his entire business career in the Lancashire textile industry, joining English Sewing Cotton as a graduate trainee in 1948, after leaving Cambridge. At English Sewing he was appointed group personnel manager in 1964. Following the merger which created *the English Calico* group (later renamed Tootal), he developed the company's garment and fashion activities. He took over as Tootal's managing director in 1976.

As chairman in succession to Sir George Kenyon, he sharpened the group's marketing approach and carried through a painful rationalisation of the group's manufacturing activities.

With the very depressed trading conditions of the last 18 months seriously affecting basic UK textile operations, Tootal has withdrawn almost entirely from spinning and weaving in Lancashire and has *cut its British labour force to* under 15,000 compared with 20,000 five years ago.

Mr. Audsley was a non-executive director of the Manchester board of Barclays Bank, and a member of the CBI council. In 1979 he was president of appeal for the Textile Benevolent Association, the charity which raises funds for the sick and aged of the industry. He was also a member of the council of the British Textile Confederation. He is survived by his wife, a son and a daughter.

Dutch captains examined

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THREE DUTCH masters of vessels operated by North Sea Ferries have been examined for fitness to take their ships in and out of the Humber without using local pilots, the High Court was told yesterday.

A fourth master will be examined next week, Mr. Richard Seymour told Mr. Justice Browne-Wilkinson.

The Humber pilotage committee will be told today the results of the examinations. If the masters have passed, it will decide whether to grant pilotage certificates to them.

The four masters had sued British Transport Docks Board, the Humber pilotage authority. It had refused to examine them and enable them to have similar pilotage rights to those enjoyed by UK masters at Continental ports.

The case was adjourned after the Secretary of State for Trade directed that the masters should be examined.

Surplus on tourism halved last year, authority estimates

BY JAMES McDONALD

THE SURPLUS on Britain's tourism account was more than halved last year, to about £300m, estimates Sir Henry Marking, chairman of the British Tourist Authority.

In a plea to Sir Geoffrey Howe, the Chancellor, for taxation changes to encourage the tourist industry, Sir Henry says: "The strong pound, combined with inflation, has resulted in the UK gaining a reputation as an expensive destination.

"This has not only affected tourism from overseas but, indirectly, also domestic touism because it has encouraged an increasing number of British residents to take their holidays overseas."

He estimates that in 1980 the balance on the tourism account had dropped to about £300m; from £673m in 1979.

If the Government created fiscal conditions in which the industry could flourish, "many new and much-needed jobs, particularly in areas where the level of unemployment is high, will result," Sir Henry writes in his letter to the Chancellor.

The service trades in tourism should be treated as favourably for tax purposes as is manufacturing industry, he suggests. The building allowance for hotels should be raised from 20 per cent to the 50 per cent granted for industrial buildings and there should be preferential VAT rates for tourist services.

Sir Henry points out that in the Netherlands, where the standard VAT rate is 18 per cent, hotels and restaurants carry only a 4 per cent rate.

Development Land Tax for tourist services should be put on the same basis as for industrial development, where the tax is not required until the asset is sold by the owner.

Income from self-catering accommodation should be treated as earned income, Sir Henry proposes. At present this is treated as unearned income, unless rooms are cleaned daily and a laundry service provided. In addition there should be more tax relief to owners of historic buildings.

Inmos makes its first sales of microchips

BY GUY DE JONQUIERES

INMOS, BRITAIN'S State-backed venture in advanced semi-conductor manufacturing, has made its first microchip sales, to customers in Britain and the U.S.

The chips are being delivered in consignments of about 100 at a time to more than a dozen users in the electronic equipment industry, who plan to put them through rigorous laboratory tests.

Inmos said at its UK headquarters in Bristol, that the initial market response to the chips had been "very enthusiastic." It was canfident that there would be substantial orders when testing was completed.

The chips are being made — still in small numbers — at Inmos' U.S. plant at Cheyenne Mountain, Colorado. A sizeable increase in output is due there by next spring, and in the summer of next year volume production will start at Inmos' planned factory near Newport, South Wales.

Inmos expects to sell the chips in the U.S. for about $150 each, though the price is likely to fall after volume production begins and other companies introduce competing products.

So far Intel, the highly successful Californian semi-conductor manufacturer, is the only other company to have announced firm plans to manufacture a chip similar to the Inmos product, known as a 16-K Static Random Access Memory (SRAM).

The chip is designed to store more than 16,000 bits of computerised data on a tiny sliver of silicon and to allow them to be stored and retrieved at very high speeds.

Inmos is also developing a second product, which it plans to introduce next autumn, known as a 64-K Dynamic RAM. This can store four times more data than a 16-K RAM but operates at slower speeds.

Record redundancies hit textile union membership

BY RHYS DAVID, TEXTILES CORRESPONDENT

REDUNDANCIES AMONG members of the National Union of Dyers, Bleachers and Textile Workers reached a record 20,000 in 1980, taking the union's membership to below 50,000.

Roughly half the jobs lost were in Yorkshire wool textiles, where the union has its greatest concentration. The rest of the losses were spread between Lancashire and Scotland. January proved the worst month, with nearly 4,000 job losses, and there was also a further big loss in December where a major carpet factory closed.

In Lancashire, the number of employees in the cotton and allied textile industry in November last year was down 19,700 on the same month a year earlier at 45,420.

Yarn production in the industry in November was 4.5 per cent lower than in October, and there was a big drop in deliveries for export, the Textile Statistics Bureau reports.

Fabric production in November was down 6.5 per cent on the previous month, and 35 per cent down on a year earlier. Cloth handled by finishers in the three months to November was 27 per cent down on the corresponding period in 1979.

Criticism of the Government for allowing the textile industry to enter a "disastrous and rapidy increased rate of decline" is expressed in the annual report of WIRA, the Leeds-based research association.

Mr. Roy Stroud, its retiring chairman, claims that no previous government has been so inimical to the survival of the industry in the UK.

"We have always said that given reasonable conditions and fair and free competition, we could cope. Today, however, the dice are loaded heavily against us by the growth of low-cost imports, including those from the U.S.," he says.

Such imports did not keep down the cost of living, because of the greater profit margin placed on them by importers.

WIRA, which derives its income from contracts, fees for its services, and a levy placed on wool textile producers, made a surplus of £116,000 on its 1979-80 turnover of £1.7m. During the year the association cut its staff by 10 per cent and concentrated its activities on a new site.

Finance directors object to tax stock relief plan

BY OUR OWN CORRESPONDENT

THE 100 Group of top finance directors has written to the Inland Revenue setting out "serious objections in principle and practice" to the proposed new system of corporate tax stock relief.

"Although we accept that the use of current cost accounts produced under SSAP 16 may not be immediately practicable we feel strongly that the task of establishing an accounting base suitable both for tax and other purposes must not be given up," the submission says.

There are criticism of two central features of the stock relief scheme set out in the Inland Revenue's consultative document published last November.

First, the 100 Group disagrees with the proposal for a single All Stocks Index. According to the group's members, in about 75 per cent of cases the actual change in the cost of stocks will vary significantly from such an index, sometimes by a large margin. It is suggested that the effect of this could be "capricious."

Second, the submission argues that the Revenue's proposed credit restriction is a "core problem area." It comments: "The conceptual arguments in the paper are not convincing and there are numerous practical problems which are bound to lead to a multiplicity of detailed rules."

The group comprises the finance directors of about 100 of the largest UK companies and nationalised concerns based in London.

Yesterday Mr. John Clemes, chairman of the 100 Group's taxation sub-committee, and finance director of Allied Breweries, accused the Inland Revenue of making too much of the subjectivity question.

"If they believe in developing a current cost accounting tax base, then if they go ahead with this scheme they will be forced to backtrack," he said.

It would be "absurd" to go back to the single-index type of current purchasing power system proposed by the accounting professions some years ago.

The group recommend that eac hcompany should be able to choose an official index relevant to its specific stocks.

Villagers challenge airfield proposal

By Robin Pauley

An eight-strong Hampshire parish council is conducting successfully a dispute, with both the county council and a businessman, over the future of an airfield sited at Blackbush.

The councillors at Eversley (population 1,300, annual budget £5,000) are trying to stop Hampshire county council (budget £425m) allowing Mr. Douglas Arnold to expand the airfield's facilities. Mr. Arnold wants to expand hangers, aprons and terminals to enable the field to be used by executive jets.

The councillors fear that extension of a runway, if that were allowed later, would create "another Luton," with charter flights transporting half of the South East's holidaymakers to and from Majorca.

The parish councillors were about to take out an interim injunction (costing £1,000) on Thursday to stop the county agreeing with Mr. Arnold on Friday. They held back on learning that signing had been postponed.

The parish and neighbouring Hart district council have asked Mr. Michael Heseltine, Environment Secretary, to take over the matter and order a public inquiry.

The problem's history is long and complicated. Mr. Arnold bought the airport in 1973 from Air Vice Marshal Donald Bennett. But a purchase order was already attached to it. This meant that the owner could force the county to buy it from him at a valuation price fixed by a Land Tribunal.

Mr. Arnold said he would do this if he did not obtain an agreement and planning permission quickly. The value of the site is disputed. Figures up to £15m have been bandied about. The true value is probably nearer £1m. However, if the 360 acres were sold as building land at, say, £80,000 an acre, the value would rise to £3m. Its value as an airport would be more.

The county, trying to cut expenditure, does not want to have to buy the airport at any price.

It has set up a Blackbush panel of county councillors to negotiate a settlement. But the panel always sits in private, adding to local anger over the absence of public consultation.

It is understood that a deal with Mr. Arnold would involve him relinquishing the purchase order in return for two things. These are planning permission and the dropping of about 28 allegations of breach of planning rules over present use of the airfield (including go-kart races, a Sunday market, drag racing and use by light and sport planes).

Another difficulty is that the airfield was created from land requisitioned in the Second World War, with a Government promise that it would revert to its former state.

A similar tale unravels today at a public inquiry into Wisley airfield, Surrey, which is a couple of minute's flying time from Blackbush. A consortium known as Jenstate wants Wisley reopened to aviation.

Wisley has a 1½-mile runway which could take 30,000 aircraft movements a year. It is in the centre of a Green Belt area. On 270 acres of farmland it, too, was requisitioned in the war with Government promises that it would be restored to agricultural use.

Tobacco and health conference

THE ROYAL College of Physicians will told a conference in London next month on the effect on health of smoking.

The conference is being organised by the Action on Smoking and Health (ASH) lobby group. It will coincide with renewed efforts by the anti-smoking lobby to force stricter controls on the advertising and promotion of cigarettes.

Damages boost church funds

A COUNTRY parson yesterday received a £42,000 boost to his church restoration fund from a High Court judge in London.

The Rev. Edgar Pearson received the award of damages after Mr. Justice Gibson ruled that a weed killer, made by Fisons, caused his Christmas trees to wither and die.

Mr. Pearson grew Christmas trees to raise cash to pay for the restoration of the 11th century St. Mary's Church in Dallinghoo, Suffolk.

Suter chairman

A REPORT in Saturday's Financial Times referring to Mr. David Abell's resignation as managing director of BL Commercial Vehicles said he had become chairman and managing director of Suter Electrical. Suter said yesterday Mr. Abell has been appointed chairman and chief executive, and Mr. Bernard Munday will continue as managing director.

Ezra to warn of Coal Board buying cuts

Mining equipment industry could suffer, writes Hazel Duffy

THE National Coal Board will be forced to cancel parts of its investment programme unless it is granted financial aid, Sir Keith Joseph, the Industry Secretary, will be told next week.

Sir Derek Ezra, the board's chairman, will lead a joint delegation with representatives of the mining equipment industry next Monday which will seek to impress on Sir Keith the growing financial pressure on the board. The consequences of investment cuts for the mining equipment industry would be serious in the longer-term, for both the industry and the Coal Board.

The delegation will consist of Sir Derek; Mr. Norman Siddall, deputy chairman of the Coal Board; and Mr. Merrick Spanton, board member with overseas responsibilities.

The mining equipment industry will be represented by Mr. Clive Mason, president of the industry's trade association ABMEC, and probably by senior executives from the three big companies in mining equipment —Dowty, Anderson Strathclyde and Gullick Dobson.

The mining equipment industry's sales amount to about £1bn annually. Between £800m and £850m is sold to the Coal Board, with the balance exported.

A high level of dependence between the board and its supliers has resulted in the development of advanced technology products for the underground mining and handling of coal.

These are expected to be in growing demand overseas as countries turn increasingly to the exploitation of their coal resources.

The well-being of the industry, however, rests on a stable ordering pattern from the Coal Board, and it is this part of their business which is now under threat from the problems in the coal industry.

The board has already asked that the delivery of between £25m and £30m worth of equipment, due this month, should be postponed until its next financial year.

On February 10, the Coal Board will present a plan to the unions at a meeting of the joint policy advisory committee, which will contain proposals for economies over the next 18 months to two years. The board says this has been forced upon it by the recession, during which coal deliveries have declined from 125m tonnes in 1979-80 to an estimated 119m tonnes in the current year.

The combination of cash limits and falling revenue seem certain to inflict cuts on the investment programme.

Sir Keith will have heard similar pleas from other equipment manufacturers who are being hit by the growing impoverishment of some of the nationalised industries. But the mining equipment industry may have some cause to regard their case as "special," and it has the added weight of the Coal Board.

Britain's engineering industry has few candidates in the advanced technology category but mining equipment can fairly claim to be in this sphere.

Close co-operation with the Coal Board's development engineers in the post-war years has made Britain one of probably only half a dozen countries which can produce the type of equipment used for deep mining.

Some companies have also committed resources to setting up a presence in those markets, particularly the U.S., where orders are expected to increase over the next decade. This has sometimes been done with official encouragement, as it is thought desirable that the industry increases its exports.

But it is recognised that for all the companies, even the big three which are less dependent on the Coal Board, the investment programme of the British coal industry is crucial.

The fear in the industry is that some companies making highly specialised equipment may not survive a two-year period of austerity, which would mean that the board—which relies almost 100 per cent on British-made equipment—would have to buy from overseas.

Solihull Range Rovers coming on stream this month

John Griffiths looks at one BL division making a profit

RANGE ROVERS will start coming off the line at a £20m assembly hall in Solihull later this month—the latest tangible result of a £225m investment programme for Land-Rover.

Approval for the programme was one of Sir Michael Edwardes' first decisions at BL.

The line will double Range Rover capacity to 600 a week. It will take the Land-Rover company — one of the few BL divisions making a substantial profit — £40m forecast for last year—further towards its target of doubling total capacity to 120,000 Land-Rovers and Range Rovers by 1984.

Ironically the extra capacity is coming on stream when Land-Rover is facing the problems of a strong pound and a stagnating world market, to which it exports 80 per cent of output. The company started limited short-time working this month.

But, with last year's 30 per cent productivity rise and 13 per cent output increase to a record 61,000-plus vehicles, announced last week, it does mean the traditional lengthy queues of UK customers have become a thing of the past.

One result is that last year the UK four-wheel-drive market was the only sizeable category of vehicles to make any headway compared with other UK motor sales.

Land-Rover and Range Rover started becoming available almost off the shelf in mid-year. Land-Rover says: "For the first time we were in a position to go out and market them aggressively."

The result is that sales were up 5 per cent on 1979, but that figure disguises a sharp second-half rise. Range Rover sales at the end of 1980 were running 110 per cent ahead of December in 1979, and Land-Rovers by 10 per cent.

The true extent of gains is further disguised by changes in the British market. The formerly clear-cut utility sector catered for by Land-Rover and the executive four-wheel drive market pioneered by the Range Rover have been joined by four-wheel drives as diverse in their own way as cars. They have been carving out market niches of their own.

Two examples: Subaru, which began selling cars in the UK in 1978, compete in the £5,000 bracket with four-wheel drive estates and saloons indistinguishable from "conventional" cars. They are being bought by farmers, vets and other country users. More than 1,200 have been sold in the past year. Subaru blames the Anglo-Japanese marketing agreement for sales not being much higher. The four-wheel drives accounted for nearly half of all Subaru car sales, in addition to more than 1,000 light four-wheel drive pick-ups—smaller and cheaper than the Land-Rover. Subaru's long-term target is to pick up 20,000-30,000 UK sales.

Suzuki claims its tiny, 800 cc LJ-80 four-wheel drive vehicles, Jeep-like, open-and-closed two-seaters, have been winning a market.

At about £3,500, they are in the "bargain basement." The 1,000 sales to date—they were launched last year—have been split 2:1 in favour of the enclosed version.

Suzuki has launched a campaign for the open-top version pitched squarely at the leisure market. Advertisements are promoting it as the "wild weekender."

Toyota also appears to have found an unexploited niche with its Hi-Lux pick-up which has a 1¼-ton payload and a car-style cab. It has sufficient payload to have attracted commercial users with off-road requirements—including the National Trust.

The Russian-built Lada Niva, £4,700 basic, including taxes, is an enclosed four-wheel-drive four-seater that has not made its hoped-for-impact in the UK, this year 275 have been sold. It has been more successful in Europe.

Other rivals are more closely pitted against the Land-Rover and Range Rover. Daihatsu competes with Land-Rover's cheaper versions, and has secured second place in the four-wheel-drive market. But sales have slipped slightly this year to about 1,500 vehicles, reflecting the Land-Rover's greater availability.

Rivals which may eventually set Land-Rover chewing its fingernails have yet to come.

After an unsuccessful foray into the UK with its Land Cruiser in the early 70s, Toyota, which admits it got its marketing sums wrong, is considering bringing it back.

Daimler-Benz hopes to introduce its "G" series (the Gelaendewagen) into the UK in the middle of next year, once conversion to right-hand-drive has been completed.

Versions range from Land-Rover to Range Rover rivals, but only the highest specification, and least price-sensitive, version is expected to be brought in, to take on the Range Rover.

VAG (Volkswagen-Audi) last year launched a four-wheel-drive contender, the Iltis. First models were very basic, but it, too, has produced a high specification version.

Land-Rover is far from complacent. Its response extends beyond increased output. Its first new model for many years, the V8 Land-Rover, was launched last year. Further Land-Rover and Range Rover variants will appear in the next two years.

The newest four-wheeled drive contender, arriving in March, does not worry it in the slightest: the Quattro, from VAG, is a low-slung coupe costing £17,000. Hardly suitable, it is felt, for lugging hay bales or taking horses to the point-to-point.

UK NEWS — LABOUR

Another Ford plant accepts 9.5% offer

By Nick Garnett,

FORD manual workers' acceptance of the company's 9.5 per cent pay offer was underlined yesterday by body and assembly plant workers at the company's Halewood site.

A mass meeting rejected recommendations from shop stewards and narrowly voted to accept the offer, which improves both basic rates and the attendance bonus.

Only two plants—Halewood transmission and Woolwich—voted against the proposals, which involve no reduction in working hours. The Swansea plant has produced an acceptance verdict when the vote of the maintenance engineering group is added to that of the production line workers.

The pay settlement, which operates from November 24, leaves BL as the only major motor manufacturer committed to introducing a 39-hour week.

Normal production is due to resume at Halewood today following stoppages by and suspensions of groups of workers involved in a dispute which began on Wednesday.

BBC pay talks

INFORMAL TALKS will take place today between the BBC and Equity, the actors' union, on the union's demands that a 10 per cent pay rise offer be increased.

Equity recently signed an agreement with independent TV companies which raised the previous weekly minimum by 15 per cent to £215. The present BBC minimum is £125.

Seamen warn of more strikes as owners announce get-tough policy

BY PAULINE CLARK, LABOUR STAFF

LEADERS of 26,000 seamen involved in a national pay dispute warned that passenger ferries and UK coastal shipping would be hit from today by more lightning strikes. Plans for a 48-hour all-out strike were suspended.

As industrial action by the National Union of Seamen continued into its second week, shipowners announced a get-tough policy aimed at cutting costs for shipping companies hit by strikes in UK and overseas ports.

Warning that seafarers jobs were under increasing risk as a result of industrial action, the General Council of British Shipping advised its members not to pay striking seamen.

It also told the union that benefits paid under the Merchant Navy Established Service Scheme to seamen who are unemployed between voyages would be withdrawn.

About 2,000 seamen in the national pool are receiving those benefits at present. It is understood they would have to agree to work despite the strike campaign in order to qualify for continued payments of £31.80 for the first two weeks and £15.60. The benefits cost shipowners about £3m a year.

The council said yesterday that Mr. Jim Slater, general secretary of the NUS, had told shipowners that the union was not prepared to accept a 12 per cent pay offer "or anything like it" and there were no plans for further talks.

Employers were to consider, however, a suggestion from some members that shipowner's should ballot seamen

The main plank of the seamen's claim is a demand for overtime rates to be increased from time and a quarter to time and a half. Shipowners have costed the claim at around 20 per cent but the union contends that the increase would be much lower.

The union yesterday described the employers' new strategy as "vindictive" and warned that retaliatory action against seamen would harden attitudes.

It is believed that a call for a 48-hour strike from the union's disputes committee was turned down yesterday largely by local port officials representing ferrymen. They are anxious to maintain an industrial action strategy which does not involve them in loss of pay.

Ferrymen have the least to gain from the dispute. Industrial action has been aimed chiefly at supporting ratings on deep sea vessels whose earnings are lower and can more easily be affected by cuts in overtime

The Dover cross-Channel ferry services came under further threat of stoppages last night as local union leaders met to discuss the national plan for further action.

The union said yesterday that a total 319 ships had now become involved in the dispute with more deep sea vessels hit by action than in the 1966 national strike. Of these 39 foreign going ships and 83 UK coastal ships were affected by decisions to take indefinite strike action.

Employers said 45 ships had been tied up in the UK and 15 abroad.

Print workers firm on defying jobs Act

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE COUNTRY'S five print unions yesterday underscored the position they took last year as the vanguard of those sections of the trade union movement actively opposed to the Employment Act.

Mr. Bill Keys, chairman of the TUC's printing industries committee and general secretary of the biggest print union, the Society of Graphical and Allied Trades, said that "this act will do nothing at all to promote dialogue between managements and unions, which we must have if we are to take the industries into the 1980s and beyond."

Mr. Keys said that he had seen "definite signs" that employers were willing to use the provisions of the Act. In one case, a newspaper group had taken out a writ against him, though it was his understanding that it had now been withdrawn.

The three major print unions—the National Graphical Association, the National Society of Operative Printers, Graphical and Media Personnel and SOGAT—all warned at their conferences last year that they were prepared to defy the Act.

Yesterday's statement by the PIC, which has the backing of the Press branches of the engineering and electricians' unions, as well as the smaller journalists and platemakers' unions, was timed to coincide with a campaign among print union members to make them aware of the Act's provisions and encourage them to resist it.

Mr. Teddy O'Brien, the assistant secretary of NATSOPA, said that "all our members are willing to be the seventh picket"—a reference to the Government's Code on Picketing, which suggests a limit of six on all pickets.

The statement says the unions will continue to maintain and extend closed shops, to oppose the use of non-unionised labour or material originating from non-union shops, and to oppose the transference of work to plants not involved in a dispute.

The print unions' tradition for 100 per cent membership and sympathetic action are thought likely to render them more than usually liable to prosecution

Times bid by Murdoch worries journalists

By Our Labour Editor

JOURNALISTS on The Times yesterday added their voice to public disquiet that Mr. Rupert Murdoch, the Australian publisher, may become the new owner of The Times and Sunday Times.

Mr. Harold Evans, editor of the Sunday Times, said on BBC television last night that he believed Mr. Murdoch was the main contender for all five Times titles. "My inspired—or inside—guess is that they have already decided who that should be, Rupert Murdoch."

A resolution by the National Union of Journalists (chapel office branch) did not name Mr. Murdoch in its complaint about the way the sale is being handled by the present owners, the Thomson Organisation.

But a bulletin distributed at the meeting drew attention to Mr. Murdoch's "instruction" to his U.S. editors to support Mr. Ronald Reagan for the presidency, and his Australian newspapers' support for the conservative coalition government.

It also pointed to Mr. Murdoch's ownership of the Star, a U.S. weekly of which the bulletin said the chief interests were "astrology, sex, television and diet."

It observed, without comment, that in London Mr. Murdoch published the Sun and the News of the World.

NUR backs Foot line on election

BY PHILIP BASSETT, LABOUR STAFF

THE NATIONAL UNION of Railwaymen yesterday committed its 180,000 affiliated Labour Party votes at Saturday's special party conference to the form of electoral college for the party leadership favoured by the moderate trade unions and by Mr. Michael Foot, the party leader.

A specially recalled meeting of the union's policy-making body, the 77-strong national conference, decided that the voting proportions of the electoral college should be 50 per cent for the Parliamentary Labour Party and 25 per cent each for constituency parties and unions.

The vote, 45-30, was considerably closer than was thought likely. The principle of an electoral college was carried by a large majority, 72-5.

The conference rejected 64-13 an alternative proposal backed by some more militant unions, including the transport workers, and the party's national executive of a 33-33-33 split. Delegates rejected by 51-24 the NUR's previous policy of election of the party leader by the Parliamentary party alone.

Mr. Sid Weighell, the general secretary, said he had calculated that most union votes at the special party conference would be for giving the Parliamentary party 50 per cent of available votes.

Crucial to the vote is likely to be the Amalgamated Union of Engineering Workers, committed to a formula giving the Parliamentary party an overall majority, construed as meaning no lower than 51 per cent. The AUEW executive considers the issue today.

Mr. Weighell, a leading moderate, only reluctantly gave his approval of the principle of an electoral college. He said that if the NUR was to play any part in the special conference, it should be committed to securing the "least objectionable" form of electoral college available.

ICI ban may be extended

BY OUR LABOUR STAFF

THE General and Municipal Workers Union will decide next week whether to try to impose more industrial action in ICI following the start of the overtime ban yesterday by workers in the process and craft unions.

The company and the unions said it was too early to assess what support the workforce had given to the ban. The ban was called in protest at ICI's response to the recession.

In particular the unions claim that the management has not consulted with them properly before deciding job cuts and manning-level reductions.

Delegates of the union will next week assess the effect of the overtime ban.

Mr. David Warburton, the union's national chemicals officer, said yesterday that there had been a steady reduction in systematic overtime in many ICI operations in the past few months.

UK NEWS — PARLIAMENT and POLITICS

Bill allows companies to buy own shares

By Ivor Owen

EARLY PUBLICATION of the Companies Bill—almost certainly before the end of the month—was foreshadowed by Mr. Reginald Eyre, Under Secretary for Trade, in the Commons yesterday.

He confirmed that it will include a provision to allow private and public companies, including investment trust companies, to purchase their own shares.

The Bill is also expected to crack down on the secret purchase of significant stakes in unsuspecting companies through nominees.

Mr. Eyre told Mr. Anthony Beaumont-Dark (C., Birmingham Selly Oak) that the reaction to the consultative document issued by the Government on the purchase by a company of its own shares had been full and favourable.

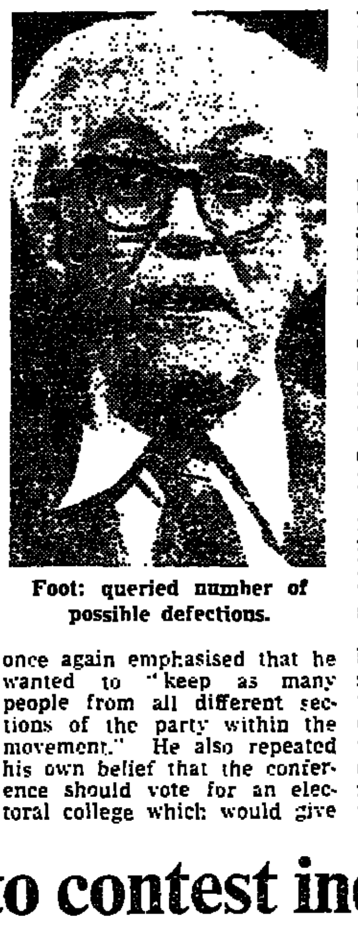
It was in the light of this reaction that the Government had decided to give companies power to purchase their own shares, subject to appropriate safeguards.

Mr. Beaumont-Dark said the Government's decision would be warmly welcomed by industry and the City, particularly in view of the success of a similar measure in the United States.

Mr. Stanley Clinton Davis, an Opposition spokesman on trade, suggested that the Bill was likely to prove non contentious in party political terms. He urged the Government to assist the process of consultation by circulating draft clauses to interested parties in advance of the publication of the Bill.

Foot tries to slow down momentum behind split

BY ELINOR GOODMAN, LOBBY CORRESPONDENT



Foot: queried number of possible defections.

MR. MICHAEL FOOT, the Labour leader, last night tried to slow down the momentum behind a social democratic breakaway amid increasing evidence that this Saturday's special party conference will mark the beginning of a progressive disengagement from the party by a small group of Right-wingers.

Speaking at a meeting of the Tribune Group, Mr. Foot said he did not believe whatever happened at conference would justify leaving the party. People, he claimed, were reading too much significance into the conference. He also implied that in his view some Right-wingers, who had fallen out with the party for completely different reasons, were now using the conference as an excuse to leave.

Mr. Foot, who will tomorrow speak to some of those MPs actively considering leaving the party at a meeting of the moderate Manifesto Group, said last night he hoped nobody would leave but if there were "defections," they would be far fewer than some sections of the press were predicting.

Later, in an interview with Granada Television, Mr. Foot once again emphasised that he wanted to "keep as many people from all different sections of the party within the movement." He also repeated his own belief that the conference should vote for an electoral college which would give Labour MPs half the votes in electing the leader. He believed it was "perfectly possible" the conference would agree a formula which would adequately protect MPs rights.

Mr. Foot is having informal talks with trade union leaders this week and there seems to be a growing feeling that the conference wil leventually agree a formula which gives Labour MPs the majority of seats

This may satisfy a majority of MPs on the Centre and Left of the party, but there is a growing feeling on the Right that virtually nothing can now stop the Gang of Three taking a decisive step towards leaving the party after the conference.

Neither Mrs. Shirley Williams nor Mr. William Rodgers are yet totally committed to leaving but have made it clear to colleagues they now consider it very unlikely the conference will proivde them with a lifeline back to the party. The three still have different views about the formation of a new social democratic alliance but at a meeting with Mr. Roy Jenkins on Sunday, they seemed to have reached a broad agreement over the timetable of future atcion.

Lester not to contest industry post

BY OUR LOBBY CORRESPONDENT

MR. JIM LESTER, the Parliamentary Under Secretary for Employment dropped by Mrs. Thatcher in her Ministerial reshuffle, has decided against standing for the chairmanship of the Tory backbench industry committee. He has agreed not to let his nomination go forward on the grounds that it would be a mistake to split the moderate vote in today's election.

Instead, he will probably stand for the vacant place on the 1922 Executive.

Both jobs became vacant when Mr. Kenneth Baker was appointed the Minister of State for Industry. Mr. Baker was one of the most influential Tory backbenchers and Conservative moderates are anxious that the Right should not now gain control of the industry committee.

But, despite Mr. Lester's decision not to stand, the contest will not be a straight two-way fight between Left and Right. Mr. Michael Grylls, Right-wing vice-chairman of the committee, is to be challenged by both Mr. Peter Emery and Mr. Peter Hordern for the chairmanship. The moderates will probably be informally organising support for Mr. Emery or Mr. Hordern could well pick up some votes from the Left.

April start for tenants mobility scheme

THE GOVERNMENT'S scheme to help council tenants in moving to seek jobs in other areas will begin operating on April 1, Mr. John Stanley, Housing Minister, announced yesterday.

There were two elements in the National Mobility Scheme for public sector tenants in England and Wales—one to improve mobility within counties, and the other to improve mobility between counties.

Within counties each housing authority will make available each year about the same number of lettings for tenants for other authorities as the number of vacancies obtained through its own tenants moving elsewhere within the county.

In addition, authorities will make available for moves between counties, at least a further 1 per cent of their annual re-lets and new lettings.

Mr. Stanley told Mr. Nicholas Winterton (C., Macclesfield) in a Commons written reply: "The scheme will be open to all district and borough councils, new town development corporations and housing associations.

"The local authority associations are now inviting all their member authorities to confirm as soon as possible that they will participate.

"In at least 20 counties the authorities have already agreed arrangements for moves between districts in the same county.

"A small office is now being set up to work out the procedures for moves across county boundaries and to promote the scheme generally."

Mr. Michael Heseltine, Environment Secretary, has agreed to meet the cost of the office's work through grants under the Housing Act.

Hattersley criticises new offence created due to scrapping Sus

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE INTRODUCTION of a new offence of interfering with a motor vehicle without the owner's consent was strongly criticised in the Commons yesterday by Mr. Roy Hattersley, Labour's Home Affairs spokesman.

The offence is created by the Criminal Attempts Bill to fill a gap left by the Bill's abolition of the suspected person offence—the much criticised Sus law.

Mr. Hattersley said the Opposition was strongly in favour of scrapping the Sus law, which many people regarded as "intolerable, disreputable and socially disruptive." Therefore, Labour would not be voting against the Bill, which was having its second reading.

Nevertheless, his party had the strongest reservations about the new motor vehicles' offence, which depended far too little on the actions and far too much on the intentions of the accused person.

Mr. Hattersley gave the example of a Cadillac owned by a Conservative MP and parked at Westminster. A policeman observing a person touching the vehicle would have to decide whether that person was doing so out of revential awe or with the intention of getting access.

"It is a wholly unreasonable obligation to place upon the prosecuting officer," he said.

Mr. William Whitelaw, the Home Secretary, said the Sus law was so widely mistrusted that it was in everybody's interest that it should be repealed. He described the Bill as a "substantial and constructive piece of legislation" which helped to codify the clarify the common law.

A Conservative backbencher, Mr. Percy Grieve (Solihull) said Mr. Hattersley was completely unreasonable in his attack on the new motor vehicle offence. Mr. Grieve had grave reservations about the abolition of Sus, although he recognised that the law was in some respects anomalous.

He argued that street crime was now greater in London and the main cities than in 1824, when the Sus law was introduced as section 4 of the Vagrancy Act.

"I therefore ask whether this is a time to repeal a branch of the law which is protective and preventative," he said.

Call for tougher stand on effect of U.S. energy prices

A TUGHER STAND by Britain and other EEC countries over unfair competition arising from artificially low energy prices in the U.S. was demanded by Mr. John Smith, Labour's shadow Trade spokesman, in the Commons yesterday.

He complained that the fact that the EEC Commission would only be making an initial report on the issue to the EEC Council of Ministers in February meant the matter would be dragging on for months with no benefit to British industry.

Mr. Cecil Parkinson, Minister of State for Trade, assured him that the EEC Commission well understood the urgency of the matter.

Commando merger plan may be revived

By Elinor Goodman,

THE GOVERNMENT may risk the wrath of the Tory backbenches by announcing the end of one commando of marines. The Ministry of Defence was last week actively considering merging the 41st Commando, based at Deal, into one of the three other commandos.

No redundancies would be involved as the 1,000 men would be absorbed into other commandos. But the move could anger some of those Conservative backbenchers already worried that the Government is not doing enough to keep its election pledges on defence spending.

The idea of a merger was turned down by the last Labour Government. But it has apparently been revived again because of the increased pressure on defence spending.

Mr. John Nott, the new Defence Secretary, is expected to announce shortly—possibly today—how he intends implementing the £200m reduction in next year's defence budget agreed by his predecessor Mr. Francis Pym. It is in the context of this package of savings that the future of the marine commandos may be announced.

The Ministry of Defence was close to finalising the details of the £200m package before Mr. Pym was moved from defence to become the Leader of the House earlier this month.

The signs were that most of the £200m saving could be achieved through deferring various programmes, together with some relatively minor cutbacks in other areas, which the Defence Secretary could probably have sold to his backbenchers without too much trouble.

But also on the final list of options was the idea of merging the 41st Commando which has already been disbanded once since the war only to be reformed in 1977.

Since taking over as Defence Secretary, Mr. Nott has been anxious to reassure those Tory MPs interested in defence that he was not put into the Ministry as a hatchet man.

After seeing both Mr. Nott and the Prime Minister last week, the officers of the Tory backbench defence committee appeared reasonably confident that Mr. Nott would fight for the defence budget if necessary.

This week's statement seemed partly aimed at ending speculation about drastic cuts in defence spending. This speculation has arisen because parallel to the search for cuts of £200m, the MOD has also been considering ways it might make far bigger cuts if the Treasury insist on penalising it next year for overspending in the current financial year.

Mr. Nott's statement will not resolve the question of a fine on the MOD though he may make it clear that the Ministry is looking very hard at all its commitments to ensure that it is getting the best value for money.

Tory trade unionists 'a growing threat' to Labour

BY JOHN HUNT

OVER THE LAST few days the phone has hardly stopped ringing in the office of Margaret Daly, Director of the Conservative Trade Unionists. The line has been kept busy with calls from moderate members of the National Seamen's Union seeking advice on how to halt the industrial action which has paralysed some of the ports.

Mrs. Daly and other CTU members have carefully explained that according to the union's rule book, the seamen have the right to a ballot before a national strike is called.

The current activity is symptomatic of the growth of the CTU within the Conservative Party and on the shop floor since the last general election.

At the moment the organisation is also taking a lively interest in the Labour Party's one-day constitutional conference to be held this Saturday, January 24. In this instance it is concentrating its fire on Mr. Clive Jenkins, General Secretary of ASTMS, who seems to be the bete noire of the CTU.

It alleges that he will once again be casting a block vote which is three times larger than the 57,000 members of his union who pay the political levy.

Derision

The CTU, which had its origins with the formation of the Conservative Trade Union Advisory Committee in 1918, is still an object of derision with many Left-wingers. Nevertheless, there are signs that more trade unionists and members of the Labour Party are beginning to treat it as a more serious threat. The backlash from the winter of discontent and the holding down of wages under Labour's pay policy have attracted more people into its camp.

This change of emphasis was noted in an article by Chris McLaughlin in Labour Weekly, the official organ of the Labour Party. He pointed out that the newly found acceptance of the CTU within the Conservative Party had improved its chances of drawing out the moderate trade unionists and could undermine the position of existing trade union leaders.

"The potential damage for the Labour Party is obvious," he commented.

There are also those at Conservative Central Office who view the increasing independence of the CTU with hostility. The organisation was hit recent staff changes and mergers at Smith Square but now seems to have recovered its equilibrium.

Mr. Jim Prior, the liberal-minded Employment Secretary, is one of of its main patrons but it also has the endorsement of Mrs. Thatcher and party chairman Lord Thorneycroft, who are astute enough to see its usefulness now that the Conservatives rely so heavily on the electoral support of trade unionists.

Officials are tight-lipped about its membership but it has 365 constituency groups and 12 area committees covering the country.

There are 11 specialist groups which include the civil services, local government, teachers, the Post Office workers, railways and engineering. At the top there is a national committee while a paid staff operates from Conservative Central Office.

Doctrine

Members come predominantly from white collar unions but also include workers from the NUM, TGWU and the print unions. Membership is said to be growing in the industrial sector.

The declared aim of the organisation is to take the unions out of politics—which is another way of saying that it wants to erode Labour influence in the trade union movement.

Members are advised to attend union meetings, get to know the rule book and stand for office. They are told to avoid ramming Conservative doctrine down the throats of their fellow trade unionists.

The intention is to get a two-way flow of information, with the view from the shopfloor being made known to the Conservative leadership and advice being handed down to those who want to make the moderate voice heard in union affairs.

CTU officials are touchy about suggestions that they and their members are merely tame creatures of the party and are not genuine trade unionists. They point to their recent support of the firemen's pay claim as a sign of their independence, and there is no doubt that its intervention in that dispute caused some huffing and puffing in some quarters of the party.

Certainly most CTU activists in the factories do not have an easy time. Mrs. Joy Bushby, until recently secretary of the British Leyland branch of APEX, the clerical workers' union, has encountered bitter opposition from Left-wingers within her own branch although not from manual workers in other unions. She sticks to her belief that "it is wrong that the unions should be synoymous with the Labour party."

Yet her experience is not necessarily typical. Mr. Ray Kitchen of Colne, Lancs., chairman of the Pendle branch of AUEW (TASS), says he has experienced no unpleasantness from Left-wingers in his branch although making no secret of his CTU membership.

Mr. Tim Renton, Conservative MP for Mid-Sussex and President of the CTU, says: "We are not trying to persuade trade unionists to vote Conservative. Our aim in the long run is to take trade unions out of politics."

He describes it as "a lusty infant," but the more sceptical view from Labour Weekly was that despite the undoubted advances it has made, the CTU's aspirations are still way ahead of its achievements.

APPOINTMENTS

Finance post at Thorn-EMI

Mr. Peter L. Hayman has been appointed finance director of the engineering group of THORN EMI. Mr. Hayman joined EMI in 1970 as finance director of EMI electronics and industrial operations. He became EMI group financial controller in 1973, and was made group treasurer in 1976. Chairman of the engineering group is Sir William Barlow.

★

Mr. Trevor Davies has been appointed managing director overseas travel of the THOMAS COOK GROUP. He was previously managing director travel Middle East and India. Mr. Bob Byrne has become president and chief executive of Thomas Cook Inc, the U.S. subsidiary. Mr. Byrne, who is British, was formerly vice president finance services of Thomas Cook Inc.

★

Mr. P. R. Armitage, an executive director of Birmid Qualcast, has been appointed to the board of ASSOCIATED PAPER INDUSTRIES as a non-executive director.

★

Lord Robens of Woldingham has joined the Board of AMERICAN MEDICAL (EUROPE) LIMITED, which runs the Harley Street Clinic and owns other private hospitals in Europe and the UK. The parent concern is American Medical International Inc.

★

Mr. Peter K. Fisher has been appointed group company secretary and financial controller of AERO NEEDLES GROUP.

★

Mr. L. J. Tolley has retired as chairman and as a director of FRANCIS SHAW AND CO. A new chairman has been designated but is unable to take up his duties until May 1. In the interim Mr. John Parsons will be acting chairman of the Board.

★

At PRESCOT UNDERWRITING AND MANAGEMENT SERVICES Mr. John Curtis, formerly claims manager, becomes director with overall responsibility for claims matters, and Mr. N. W. F. Parry, formerly marine and aviation underwriter, becomes director responsible for the marine and aviation department.

★

Mr. Tony Pareley has been appointed head of marketing operations at the ENGLISH TOURIST BOARD. He replaces Mr. Charles Oswin, who is leaving at the end of January to become director of marketing and sales for Grosvenor House Hotel.

★

At CANADIAN CABLESYSTEMS Mr. Roy A. Falbish has been appointed vice-president, Europe. He will be based in London, and will be in charge of developing cable opportunities in Great Britain and Europe. Previously, he was a Commissioner with the Canadian Radio-television and Telecommunications Commission.

★

The COASTAL CORPORATION states that Mr. Sam F. Willson, Jr., a senior vice president, is transferring to London in the additional position of managing director of Coastal States Erope, the holding company for the group's subsidiaries in the UK.

★

Mr. Stephen Mee has been appointed a director of WILLIAM DAVIS, of Loughborough.

★

Mr. Barry E. Hicks has been appointed managing director of STEN-RE LIMITED and its Lloyd's broking subsidiary STEN-RE (UK). The parent company is Reed Stenhouse Companies.

★

Mr. T. P. H. Griffith and Mr. A. V. Jordan have been appointed to the Board of BUTLERS WAREHOUSING AND DISTRIBUTION.

★

Mr. W. J. H. Bowden has become chairman of CPC (UNITED KINGDOM), of Esher, in place of Mr. W. G. Sedley, who has resigned as chairman because of ill health but continues as a non-executive director. Mr. D. Benjamin has resigned from the Board to take up a new post at CPC International's headquarters in New Jersey. He is succeeded on the Board of the UK company by Mr. S. Alexander, as operations director, industrial division.

★

Mr. D. B. Anderson, general manager and director of United Newspapers, has been appointed a director of YORKSHIRE POST NEWSPAPERS.

★

Mr. K. C. Ragg has been appointed a director of BRAHAM MILLAR GROUP with specific responsibility for sales and marketing.

★

Mr. Hugh Campbell has been appointed chief executive of the leisure and travel division of the LOW AND BONAR GROUP, Dundee, which also operates internationally in packaging, engineering and textiles. He also becomes deputy chairman and managing director of Nairn Travel, which has 47 retail travel agents in the UK.

★

Mr. Peter Hargreaves-Allen has joined J. HENRY SCHRODER WAGG AND COMPANY as an assistant director.

★

WORLEY WALLCOVERINGS, of Gainsborough, Lincs., has made the following Board appointments: Mr. L. E. Field, managing; Mr. B. Valentine, financial; Mr. D. R. Wilkinson, marketing; Mr. F. C. Gosney, UK Sales; and Mr. K. B. McMullen, sales development. Mr. Maurice Worley, founder of the company, continues as chairman.

★

Mr. Yoshiro Nakaide, general manager of the London branch of the BANK OF YOKOHAMA, is returning to Japan to take up a new appointment. He will be succeeded as general manager by Mr. Osamu Nagatsuka at the end of this month.

★

Mr. Jan Schothorst has been appointed area manager, UK and managing director of ALU-SUISSE (UK), succeeding Mr. Dennis Fredjohn. The company is a member of the Swiss Aluminium group.

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Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

A 12-inch diameter metal sample awaits "instant" analysis

Fast metal analysis

USING X-RAY fluorescence *analysis techniques*, Link Systems of High Wycombe has developed an "instant analysis" machine that will provide rapid sorting and identification of any metal or alloy. It is likely to find applications in production engineering and in the metals reclamation industries.

Known as Quicksort, the unit will identify a metal in as little as five seconds. Typical applications will include metal stock control, checking bought-out materials, blanks, billets, cast*ings and components.* Batch sampling and on the spot production quality control are also feasible.

The operator can pre-program the machine. He selects a known and accepted standard sample of the metal in question and places it on the analyser platform. One button depression produces data representing the elemental composition of the sample. The data is held in the machine's memory and all subsequent samples tested are accepted or rejected by comparison with the standard.

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Using this basic method of data entry the operator can compile a comprehensive alloy data bank to form a highly accessible stored record of acceptance standards for all the materials normally used in his *business. Used in its search* mode the machine will automatically classify an unknown material by matching it against one of the 32 recorded standards.

For more specialised applications there is a quantitative analytical program which will calculate the percentage concentration of each element within a sample to within 1 per cent.

There is no restriction on the size or shape of the samples *tested other than chamber size* and load on the platform and the machine will deal with solids, liquids, powders, rods, shavings or films.

Vehicle with nimble feet and dextrous arm

BY ALAN CANE

THE UNUSUAL vehicle pictured on the right is designed to clean swimming pools—full of molten aluminium. At least that is how Mr. Tim Reeve, a director of the small engineering firm Grosvenor-Reeve picturesquely puts it.

The vehicle was built by his company for the aluminium giant Alcan specifically to load clean and service its smelter at Lynemouth.

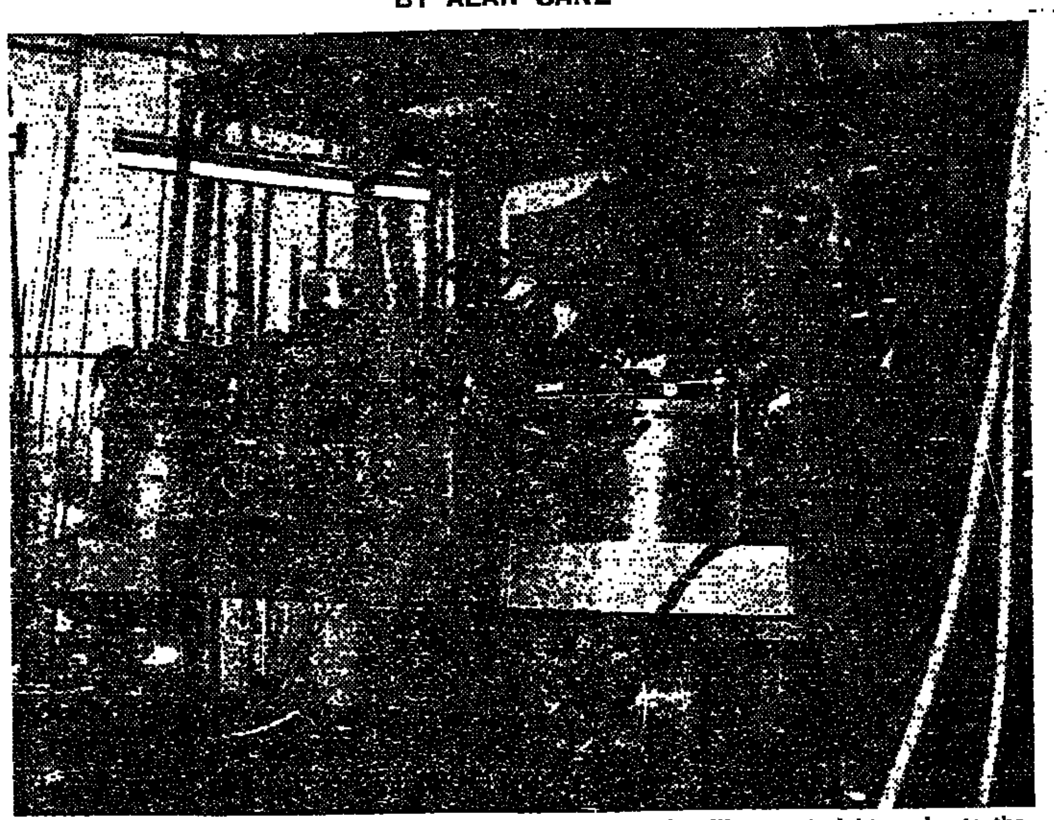
Mr. Reeve says: "The furnace is, in effect an enclosed swimming pool of molten aluminium. Access to the smelter is obtained by raising a door at the liquid level along one side."

"Because there is limited *manoeuvrability around the* access slot, the vehicle has been given the facility to steer sideways as well as fore and aft with considerable lock in either direction."

Hydraulics

The design of the vehicle thus presented a number of interesting mechanical problems. Alcan had been using a modified fork-lift truck for the job, a machine with adequate lock but no facility for sideways movement. Furthermore, control of the scraping and cleaning tools left something to be desired: Alcan reckons it loses several thousand pounds-worth of aluminium each year, thrown away with the waste from the smelter.

There was a further curious stipulation in the specification.



The Alcan smelting furnace vehicle: the plastic-tyred wheels will turn at right angles to the direction of travel at the touch of a button.

Alcan said it wanted the vehicle to operate hydraulically—no new-fangled electronics were to be used.

Grosvenor-Reeve already had some experience in such design projects. At one stage it built a device for an Arabian princess which would raise and lower a television set in the middle of a revolving table. Again, no electronics; the whole job was carried out by using weights and levers.

The Alcan vehicle was designed so that at the touch of a button it would move at right angles to the direction of travel, no matter what amount of lock was applied to the steering wheels.

The reason was that the driver must know in what direction the vehicle will move after the button is pressed. With a top speed of eight miles an hour, an unforeseen move in the wrong direction in front of a bath of molten aluminium could prove costly.

What happens is that the wheels are moved at right angles to the direction of travel of the vehicle, by an arrangement of hydraulic rams and arms.

The new leading wheels now become the steering wheels, and the vehicle moves in the new direction.

The second novel design feature is the arm which controls the tools to clean and maintain the smelter. According to Mr. Reeve, the arm can rotate a weight of two tonnes, eight feet in front of the driver; nevertheless, it is as dextrous as a human arm and wrist.

Clever hydraulics make it possible for the arm to exert sufficient force for raking and skimming the surface of the melt yet scrape the bottom of the smelter so that the expensive brickwork is not damaged.

Alcan provided the £50,000 to develop and build the smelter vehicle (which was designed in conjunction with the drivers at Lynemouth who will have to use it).

It is expected to order several of the vehicles for its various furnaces and Grosvenor-Reeve will sell the vehicles to other smelting companies at about £40,000 a time, although it points out that they are suitable only for the "swimming bath" type of smelter. More on 01-948 5626.

A better way to emulsify

WORK AT the University of Southampton has produced an improved method of emulsification through the use of electrostatics, and a pilot model has been built.

The development should be of some interest to the makers of paints, cosmetics and pharmaceuticals where the emulsification of two or more liquids is called for.

Formation of an emulsion involves dispersing fine particles of one liquid evenly and permanently throughout another. To date, says NRDC (which has backed the development) agitation techniques have usually resulted in a particle size of 50 to 60 microns and subsequent mechanical atomisation, although it does produce the desirable one to two micron sizes of the ideal emulsion, leaves a distribution of other sizes in the final product. Such a wide particle size distribution can lead to "*creaming*" or "gelling" of the product.

Dr. J. F. Hughes and Mr. I. Pavey of the University's electrical engineering department have invented a technique using voltages of 40 kV (DC).

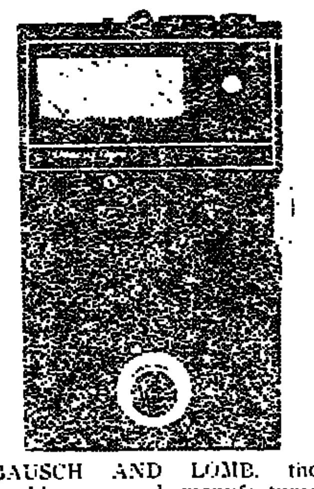
The voltage is applied to the first liquid as it emerges from a nozzle and the effect of the induced charge and resulting forces is to cause the liquid to break up into an atomised spray which is then fed into a thin moving layer of the second liquid.

Work over three years at Southampton shows that a satisfactory emulsion can be produced at rates comparable with methods at present in use by industry.

Companies interested in manufacturing emulsifiers based on this work under NRDC licence are invited to contact Peter Thompson, National Research and Development Corporation, 66 Victoria Street, London SW1 6SL (01-828 3400).

NEWS IN BRIEF

INSTRUMENT



BAUSCH AND LOMB, the world renowned manufacturer of optical equipment, has developed a pocket sized spectrophotometer for applications such as field checking of water quality, industrial process control, effluent monitoring, and pollution control.

The new machine, the "Mini 20" has a precision, diffraction grating monochromator providing a continuous wavelength range from 400 to 800 nanometres.

It will accept both square and test tube cuvettes. Full details *on 01-247 3211.*

SUBSTITUTE

RIGID PLASTIC FOAM, called Toysteel, said to be a quarter of the price of steel, has been launched for use in industry and technical training establishments as a low cost substitute for metal workpieces.

This is ideal for setting up machine tool programmes, proving CNC tapes, and for all practical training on machine tools because it causes no tool wear or damage and requires no coolant while machining says Denford Machine Tools, Birds Royd, Brighouse, West Yorkshire.

SPRAY GUN

A NEW general purpose, manual spray gun known as the SGA withstands the rigours of everyday operation in a spray booth, around a factory and on site, claims The DeVilbiss Co., Ringwood Road, Bournemouth (Northbourne 71111).

Capable of handling a wide variety of materials, it will deliver a uniform spray pattern with a 2.1mm bore fluid tip and an external mix air cap.

The guns are supplied with a 1.14 litre capacity suction feed material cup incorporating a plastic diaphragm for drip-free operation.

SURFACE SEAL

DEVELOPED SPECIFICALLY to seal and enhance the grain structure of most types of prepared wood and cork surface is a new thixotropic polymer resin solution from Industrial Adhesives, Moor Road, Chesham, Bucks. (02405 4444).

Called Prime Seal, this solvent based product is non-drip and is said to be simple and speedy to apply, drying quickly under normal ambient conditions and *forming an ideal* base for the immediate application of a finishing coat.

WATER

VILLAGES IN the north and central regions of the Ivory Coast will be provided with drinking water when Intersite (part of Royal Volker Stevin) completes the drilling of 760 wells in a two-year project.

Two types of well are being installed; the first being known as "puits." These are fed by strata in the rocky overburden and their average depth is 20 metres. They consist of stacked concrete rings with a diameter of 80 cm, the lower rings varying according to the nature of the subsoil.

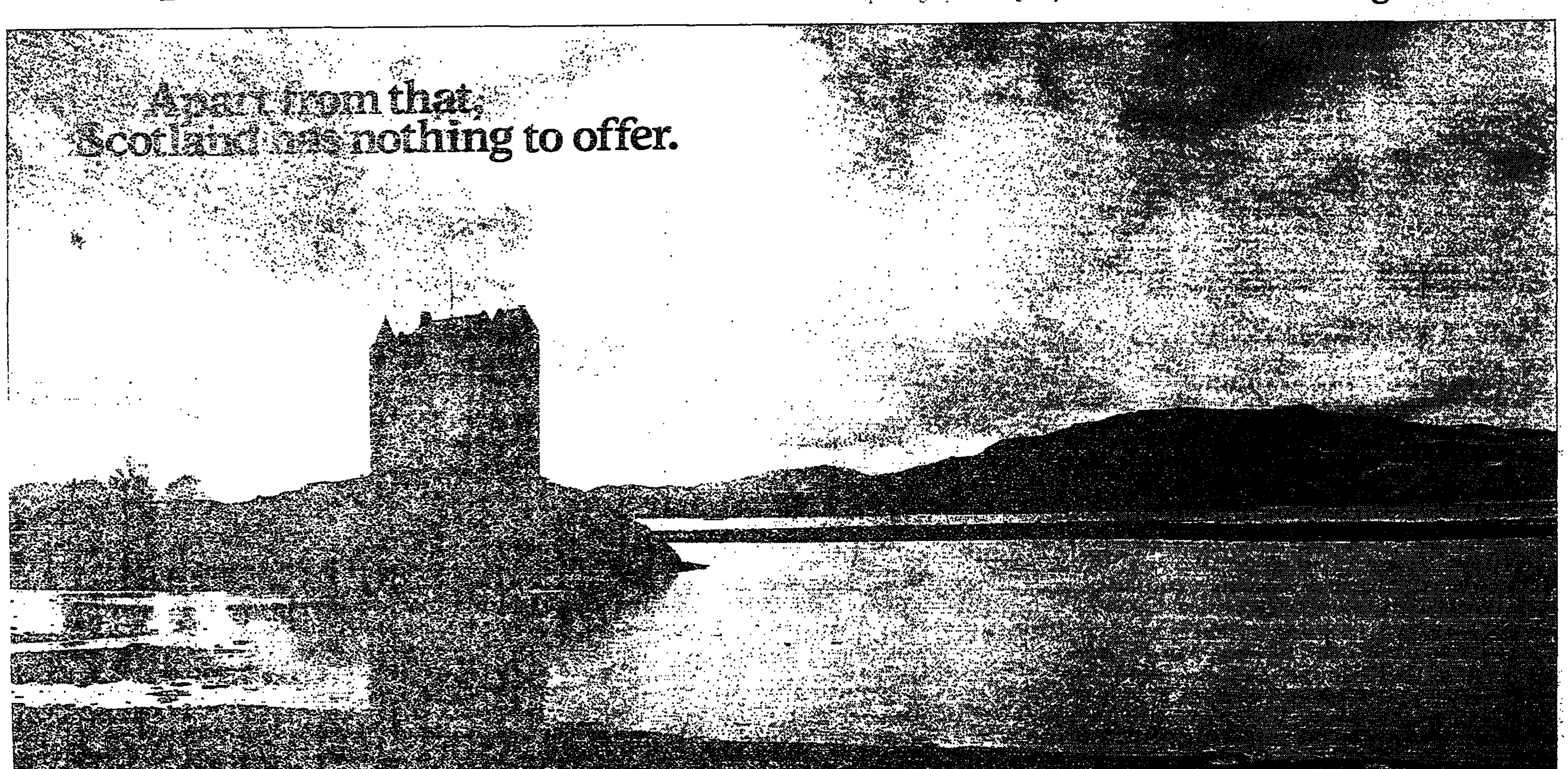
The second well type is known as a "forage." This has an average depth of 50 metres of which a quarter is in the overburden and the rest in granite. A pvc casing with apertures extending over 30 per cent of its length is *inserted in the borehold and gravel is deposited* around the perforated section to form a filter. A watertight seal is required at the interface to prevent polluted water from the upper strata reaching the filter.

When the filter tubes have been placed in position, a concrete slab is poured for the mounting of a hand-operated pump. The slab incorporates means for carrying off water which may leak or be spilled.

TRIMS PLASTICS

HORIZONTAL BAND SAWS, for trimming single or multiple vacuum-formed mouldings out of a sheet at one pass, have been developed by Hanwood Engineering Service, Unit B, 3, Stafford Park 4, Telford, Salop (0952 612358).

The company claims that this range is the largest being produced in the UK and is initially capable of trimming mouldings up to one metre wide.



THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

'Picking winners': France applies a Japanese formula

BY PAUL KRAUSS

"*SUIVEZ LE JAPON!*" Thus a recent headline in France's leading news weekly, *L'Express*, summed up the fervent conviction of François Ceyrac, president of the French employers' federation, that the key to French prosperity in the 1980s must be to emulate Japan's post-war industrial strategy.

The theme is cropping up with increasing frequency in the French press. The same week, *Le Nouvel Observateur* ran a cover story on "Le défi japonais," and *Les Echos*, the leading business daily, headlined an article "Europe v. Japan, the Match of the Century."

All this reflects a growing consensus among French Government *fonctionnaires* and industrialists that they should take a leaf from the Japanese book and pursue a strategy based on high technology, aimed at establishing France as a world-class competitor in global markets. For years the French have admired Germany's industrial prowess and envied the sophistication of German plant and equipment in basic and intermediate industries. But the future for these industries no longer looks quite so bright and the French are beginning to shift their allegiance to the Japanese economic model.

The choice is apt. France, like Japan, lacks the raw materials and the fossil fuels required for basic industry, and has therefore launched a major nuclear energy programme.

But that is by no means the only point the two societies have in common. Both France and Japan are intellectual meritocracies, based on an educational system that sends its most successful products to the Ministry of Finance. Both are characterised by close managerial contact between public and private sectors, supported over the last 20 years by sympathetic governments. Both recognise the need for some sort of government involvement in the direction of the economy. And both have turned in outstanding performances in the last three decades—Japan leading the OECD nations in GNP growth, with France in third place, just behind Germany.

Yet despite the many similarities there is one deep cultural difference. The Japanese are nurtured to work in groups ("the nail that sticks up gets hammered down" says a proverb); the French are notorious individualists, wary of sacrificing independence to a common cause. Industrially, this difference has led the Japanese to be outstanding developers, producers and marketers, the French to outstanding scientific achievement, underexploited commercially. Having exhausted world know-how, the Japanese have begun to make themselves invent. Now the French have decided to make themselves commercialise and sell in world markets.

Japan's post-war industrial strategy has been spearheaded by the Ministry of International Trade and Industry (MITI), a large, powerful and persuasive government department responsible for planning long-term strategy, issuing edicts of guidance to industry, and controlling and monitoring Japanese export activity. Lacking such a mechanism, the French Government has over the years evolved a subtler, more indirect, yet perhaps no less effective approach to helping shape the nation's industrial strategy.

Now, through an organisation called CODIS (an acronym for what translates as "Inter-ministerial Committee for Strategic Industrial Development"), the Ministry of Industry is striking out in a new way to develop a position in the growth industries of the future.

CODIS was established only 16 months ago. Presided over by the Prime Minister, its decision-making level includes four other ministers: André Giraud, the Minister of Industry, and his colleagues at Budget, Economy and Finance, and Foreign Trade. Preparing their dossiers is an interministerial committee headed by Jean-Pierre Souviron, the Director General of Industry, with the support of a dozen high-flying officials.

Compared with the mighty MITI, CODIS is a very small group. Yet it would be a mistake to judge its potential influence by its size.

Significantly, it has emerged at a time when the practical effect of the Five Year Plans on French economic life has been visibly diminishing. According to many, the latest Plan (for 1981-85) is no plan at all: it lays down broad directional goals but sets no quantitative targets and proposes no specific strategies.

CODIS, in contrast, combines a highly sophisticated analytical approach with practical means of achieving its mission. While the targets it proposes and the strategies it devises are binding on no one, the government is setting out to achieve its objectives through a complex, largely *ad hoc* mixture of advice, incentives, specialised assistance and gentle economic pressures.

This approach represents a subtle but unmistakable shift away from *dirigisme* towards a form of liberal interventionism. Having put aside its stick (never a very formidable one) the Government now appears confident that a well-conceived array of carrots can stimulate the required initiatives from private industry.

TABLE 1: THE ANALYTICAL CRITERIA

FOCUS	THE 33 VARIABLES
Market	World future demand (1 variable) National future demand (1 variable)
Competitive position	World competition (6 variables) World specialisation (6 variables) National specialisation (2 variables) Industrial constraints (5 variables): production capacity; R and D effort; manpower availability; supply sensitivity; market coverage Economic constraints (5 variables): profitability; value added per employee; technology level
Fit with national objectives and constraints	Job creation (1 variable) Economic self-sufficiency (3 variables) Potential for involvement of French industry (3 variables)

TABLE 2: PRIORITY-LISTS AFTER MULTICRITERIA ANALYSIS

FIRST PRIORITY SECTORS
—Data processing machines
—Telegraph and telephone equipment
—Plastic materials manufacturing
—Manufacturing of basic organic products for pharmaceutical applications
—Pharmaceutical specialities

SECOND PRIORITY
—Professional electronic equipment
—Electronic tubes and semi-conductors
—Civil engineering equipment
—Furnace and heating technology
—Electric heating and household appliances
—Railway rolling stock
—Pneumatic equipment
—Phytopharmaceutical specialities

THIRD PRIORITY
—Industrial electric appliances
—Machine tools for metals
—Precision and optical instruments
—Industrial vehicles
—Motor car parts and outfits
—Steel industry
—Materials for rubber, plastics, textiles and leather products
—Perfumes
—Non-woven fabrics
—Paper industry

Bureaucracy renounced

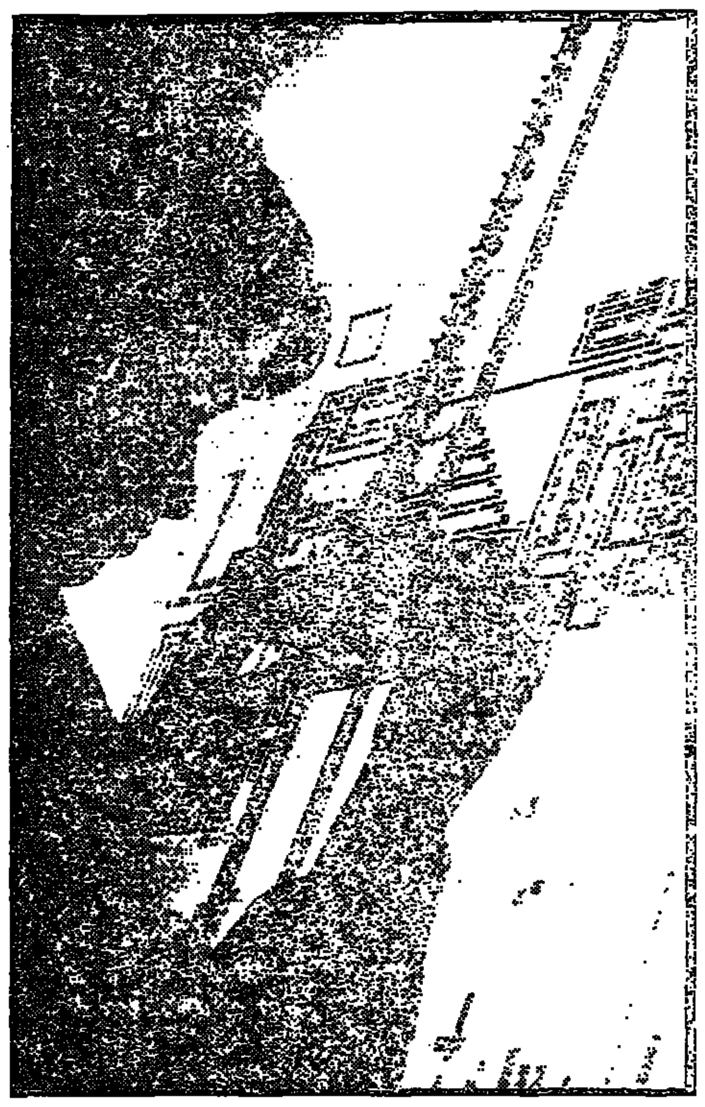
France's new industrial policy—announced by Giraud just over a year ago—has three broad objectives: (1) to ensure the health of basic industries; (2) to strengthen the "locomotive" industries capable of growing and building on new technology, such as aerospace, telecommunications and nuclear energy; and (3) to encourage and stimulate strategic growth in certain key industrial sectors, where the greatest future potential is seen to lie. As the chosen instrument for achieving the third of these missions, CODIS is bending its efforts not to prop up ailing industries but to help the future champions grow.

Besides adhering to a non-directive approach, CODIS will seek to secure the implementation of its industrial development plans without the aid of any new bureaucratic entities or mechanisms. But renouncing bureaucracy does not mean renouncing method, and CODIS's early steps have been nothing if not analytical. They have been based on the sort of approach to strategic management used by forward-looking multinational corporations, though carried to a level of complexity which is beyond the usual corporate mentality.

To select the "vedettes" (stars)—priority industries for strategic development—CODIS started off on the basis of a Ministry of Industry study of 600 different industrial sectors which had been carried out in the mid-1970s by one of its officials, Christian Stoffaës. Based on a weighted analysis involving the application of no less than 33 quantifiable criteria (see Table 1), the study ranked these 600 into priority lists according to six strategic policy alternatives — ranging from French independence to aggressive pre-emption of international division of labour—and pinpointed 23 priority sectors (table 2) which would be appropriate whichever overall national industrial strategy was eventually chosen.

Once the French government had opted for an aggressive worldwide strategy, and with the resulting portfolio in hand, CODIS set about defining 14 newly-classified sectors that were seen as most important to France's future industrial prosperity within the context of that strategy. It was from among these 14 that CODIS selected the first six target sectors announced by Giraud early last year.

These six stars are "*bureautique*" (the electronic office of the future), "*offshore*" (underwater exploration equipment), biotechnology, consumer electronics, robotics (automated manufacturing equipment), and energy-conservation equipment. A seventh, more general category—major innovations in textiles—was added after a CODIS meeting chaired by the Prime Minister, Raymond Barre, last month. While textiles may have been added for political reasons, the remainder look at first sight more like some stockbroker's dream portfolio than a true reflection of the balance of current French industrial activity. The strategic direction they indicated is clearly toward high technology.



The grand design: microelectronics underpins much of the French Government's industrial strategy

In a sense, the formal announcement of priority development areas may be akin to the consensus-building efforts that attended earlier Five Year Plans, which were considered to have had more impact during the discussion phase than after they were printed. Today, in a more liberal environment, the Government may believe that publicising its choice of growth sectors will help to make the growth happen.

There is, however, more than rhetoric to the Government's programme. Having selected these initial stars, CODIS commissioned private consulting firms to conduct detailed studies of each as the basis for sectoral strategies to be developed under the direction of CODIS members and staff.

The next step—already taken in some cases—is to identify particular firms, currently involved or interested in these areas, that are thought best fitted to spearhead the Government-designed strategy. CODIS then attempts to persuade them to assume this role. Based on their response and the specific projects they propose, the Government is then prepared to urge action—not only through close contact in the corridors of power between the public and private sectors but also through a variety of incentives, including expert guidance and consultation, as well as privileged access to various kinds of financial and non-financial assistance that are available under an array of existing programmes.

To date 21 projects have been submitted, of which 10 have been selected for special CODIS aid that will amount to some FFr 1.5bn over the next five years: two in "bureautique" (including CIT-Alcatel and one small firm); two in offshore; three in biotechnology (all small firms); one in consumer electronics (Vidéocolor, a Thomson-Brandt subsidiary); one in robotics (a subsidiary of Peugeot) and one in energy conservation equipment (Jaeger). A further 20 are currently under consideration.

The practical implementation of this new industrial strategy for France may not at first seem very logical. The most obvious case is the Government-encouraged move of Saint-Gobain-Pont-à-Mousson, a heavy process industry company, into *bureautique* through stakes in CII-Honeywell Bull and Olivetti. Having entered the field of components with National Semiconductor, Saint-Gobain is now apparently to be the "locomotive" in this highly competitive world market of rapidly moving technology. Precisely what financial burden will be taken on or underwritten by the Government in the course of this precedent-setting exercise remains to be seen.

Notwithstanding its shift towards a form of industrial liberalism, the Government still retains teeth and muscle for dealing with business in France. First, of course, it is directly involved in the ownership of many enterprises, including major financial institutions. Through these the state has been the main source of finance for private investment—again, rather à la japonaise.

To this base has been added over the years a whole range of acronymous organisations designed to finance enterprises under a variety of banners: companies in grave difficulty (CIASI); small to medium-sized companies in difficulty (CODEFI); companies whose growth is limited by lack of funds (IDI); innovative companies requiring funds (SOFINNOVA), and so on.

Favourable conditions

No one doubts the sincerity of Giraud's belief that the government must leave industrial leaders as much responsibility as possible for the conduct of their enterprises, while providing them with favourable conditions in which to achieve their objectives. ("The state will help those who help themselves.") But the fact remains that the Government is capable of doing more in its effort to manage the economy strategically than just announcing its choice of interesting industries.

In some people's minds, the question is whether the idiosyncrasies of French culture, coupled with heavy national overhead expenses, will allow the nation to become really competitive worldwide, with respect both to price and timing, and in all these new sectors.

The Ministry of Industry does not really control all the cards, and a nation of individualists may be at a disadvantage in attempting to match the performance of a nation like Japan. Nonetheless, the first steps look promising. Whether they will lead to enduring results may depend on whether "le défi japonais" can galvanise French industry as effectively as "le défi américain" did a decade ago.

Paul Krauss is managing director of the Paris office of McKinsey and Co. Inc.

FINANCIAL TIMES SURVEY

Tuesday January 20 1981

CUMBRIA

Success in attracting investment has enabled the county to weather the bleak situation of cuts and closures better than other areas. Energy projects will provide some new jobs and there are hopes that more will be created by extending tourism, as Rhys David reports.

Trying to buck the trend

CUMBRIA, LIKE most other parts of the UK, has had its fair share of redundancies over the past year as steel, textiles, engineering, packaging and other industrial sectors have *struggled to cut costs to survive* the recession.

The county—England's second biggest in land area though one of its smallest in population—*also has had more encouraging* developments to report as well. Many of the factories that have closed have been found new occupants, and in a number of cases staff made redundant have banded together to start their own business, though *on a much smaller scale.*

The county's industrial promotion department reports too a surprisingly good level of inquiries from businesses *interested in expanding in the* area, and some of these are likely to be converted into bricks and mortar over the next year.

Most significant of all, perhaps, has been the comparatively modest increase in unemployment compared with national trends. Unemployment in Workington and Whitehaven, the two hardest-hit parts of the county, stood at 10.6 per cent in December, not much greater than the 9.1 per cent for Britain as a whole.

Barrow, traditionally regarded as a blackspot, had 9.6 per cent out of work, while Keswick's 8.2 per cent, Carlisle's 8.9 per cent and Penrith's 6.8 per cent were all below the national rate. Kendal, with only 5.5 per cent out of work, currently has one *of the lowest unemployment* rates in Britain.

The resilience Cumbria is showing is due to a number of factors. The area with its outstanding lake and hill country, its low overall population and network of small villages and *towns,* has proved a draw to entrepreneurs anxious to start up small businesses in expanding fields such as electronics or computer services in scenic surroundings.

A battery of incentives and services to guide and help these and other locally-inspired projects is available from a variety of agencies, including the *county council, the six district* authorities, the development commission and the Department of Industry.

One such scheme caters for *the smallest of companies with* up to five employees in two remote parts of the county—*Millom and Alston. Companies* in this area can qualify for grants of up to about £1,500 towards the cost of projects.

At the other end of the scale, *Cumbria has been increasingly* successful in attracting investment by bigger groups anxious to get away from the labour relations and skill shortage problems very often associated with big city operations.

Leyland is now midway *through a £4m expansion which* will add 90,000 sq ft to its Lillyhall, Workington, factory which produces the Leyland National single-deck bus. The extension will enable the factory to take over production of Titan double-deck buses which is being transferred from the Park Royal works in London. The Cumbrian plant *will be producing seven buses* a week by September with the whole of this year's output going to London Transport.

The plant also has co-operated with British Rail in the development of lightweight railway carriages based on bus bodies. *Trials have been held in Britain* and the U.S. and it is hoped that a major market for the *carriages will open up.*

Market

Other major groups have also chosen to maintain a high level of investment in the area. United Biscuits is spending £3m *at its Carr's of Carlisle factory,* and Lightning Fasteners, part of Imperial Metal Industries, is *re-equipping its Cleator Moor* plant at a cost of £5m.

In Carlisle, Metal Box is to put in new two-piece canmaking plant to manufacture *for the beverage market,* at a cost of £15m, though another plant in the town which makes other metal packaging equipment has had to cut 300 jobs.

K Shoes has recently opened a £1.2m factory in Kendal where it has its headquarters, though *this development again* has followed contraction elsewhere in the group in Cumbria, resulting in the loss of 430 jobs.

Cumbria's economy also draws strength from a wide range of medium-sized groups which, because of their comparative *distance from major* UK markets, realised some time ago that survival would depend increasingly on specialisation.

Oxley Developments, founded *originally to produce essential* radio components for the 1939-1945 war, now makes a range of *highly-specialised* products for the defence and professional communications industry at its Ulverston manufacturing and research centre. The company employs 300 people and exports 25 per cent of its output directly.

At Milnthorpe, not far away, the Henry Cooke Paper Mill, part of the Bibby Group, has managed to stay profitable at a time when most other UK paper mills have been losing money.

In one of the many examples of expanding groups taking over premises vacated for one reason or another, three Kendal-based companies, Furmanite International, Kendal Coachworks and Westmoreland Glass, have recently grouped together to buy the six-acre site of the former Ibis Engineering Company. Most of the space will be taken by Furmanite, which has expanded rapidly in the past 12 years supplying a worldwide service for sealing leaks in process plant.

Despite these successes there remain major problems *within the county,* and in some areas in particular. For instance, there have been big job losses in the steel industry on which Workington remains *fairly heavily dependent.*

Textile plants introduced into the west of the county to enable more women to join the labour force have also been affected. Two Courtaulds factories, at Carlisle and Workington, employing nearly 700

CONTINUED ON NEXT PAGE

Holiday visitors at Bowness, Lake Windermere

CUMBRIA'S LEADING COMPANIES

	Founded		Number of employees
Vickers Shipbuilding	1870	Warship construction	13,000
British Nuclear Fuels	1971	Nuclear energy	5,900
British Steel Corp.	1978	Steel	4,600
K Shoemakers	1842	Shoes	3,200
Albright and Wilson	1940	Detergent chemicals	2,150
Metal Box	1955	Open top cans, fancy boxes	1,500
United Biscuits	1831	Biscuits	1,095
Eden Construction	1955	*Civil engineering*	1,050
British Sidac	1933	Film wrapping	1,000
Ashley Accessories	1939	Electrical wiring	1,000
National Coal Board	1947	Coal	970

Nuclear power heads energy projects

INVESTMENT projects totalling about £2bn are currently being undertaken by the nuclear industry on Cumbria's coastline, and these, taken together with major gas industry developments and a revival of *coal exporting, promise to make* Cumbria one of the key UK energy centres for the rest of this century and beyond.

The £2bn includes expenditure *of roughly half that amount* refurbishing and replacing equipment at British Nuclear *Fuels' Windscale plant for handling* spent fuel from Britain's Magnox power stations and similar installations in Japan and Italy.

Most of this remaining expenditure will go on new facilities —the subject of a 100-day inquiry three years ago—which will enable Windscale to provide thermal oxide processing facili*ties for the newer advanced gas*-cooled reactors now operating in Britain and under construction.

Several hundred new jobs will be created when the current projects are completed later in the decade to add to *the 6,400 people already* employed at Windscale and Calder, and an army of 1,800 construction workers will be needed for the expansion programme. On top of this there have been other indirect benefits ranging from improve*ments in shopping facilities in* centres near the plant, such as Whitehaven, to BNFL support for local train services and other amenities.

A number of small businesses have sprung up, too, in the old industrial vilages and towns *such as Cleator Moor to supply* goods and services to Windscale and its workforce. The local authority covering the area, Copeland, has responded with its own programme of factory building to add to those being developed by the Department of Industry, the Development Commission (the agency which looks after rural areas) and Cumbria County Council.

Cumbria's other important stake in energy is the result of the British Gas Corporation's decision to site at Barrow the land terminal for gas from its *Morecambe Bay field.* The base will be built on nearly 200 acres just outside the town and will *process the gas from the field* 23 miles away in the Irish Sea before it is transferred to join the UK grid at Kirkby Lonsdale.

The whole project including offshore development will cost about £1bn and by the mid-1980s the field will be able to deliver *1,200m cubic ft per day of gas,* building up later possibly to 1,800m. In practice, the field, which has estimated reserves of 5 trillion (million million) cubic ft, will be used mainly to meet peak demand conditions in the winter.

Supply base

The project, won by Barrow in competition with a number of other towns, will provide an estimated 400 jobs during the construction phase and a somewhat smaller number once in operation. There are strong hopes, however, that the town *will now also be chosen as the* supply base for the field and that this could lead to several hundred more jobs being created.

A group of 42 local companies, the Barrow Supply Base Association, has recently commissioned *an independent report into the* port's potential as a base and has been promoting the port's case with the Gas Corporation, which is expected to make a decision later this year.

Other ports in the north west including Fleetwood and Liver*pool have also* been making representations and the choice is likely to fall eventually on the port which offers the best combination of advantages in terms of access and facilities—proximity to the field, communications with the rest of the UK, and availability of labour and services.

With the pipelines already coming ashore at Barrow, there is a case for concentrating developments associated with the field in the town, but its poor road *links with the motor*way network, although being improved, are a drawback. However, air facilities do exist at Barrow, where Vickers Ship*building,* the town's biggest employer, operates its own airfield.

Providing agreement was reached this could be the base from which personnel are moved by helicopter to and from the rigs. Studies are also believed *to have* taken place into a possible helicopter connection with Manchester Airport.

The *two new fuels,* nuclear power and gas, are carrying on a tradition whereby energy resources have been at the bases of Cumbria's prosperity and development. Coal, which together with ample deposits of iron ore, led to the growth of *iron and steelmaking* in the area, is now of diminished importance but remains a significant employer.

Some 970 men are employed at the county's only deep mine, Haig Colliery at Whitehaven, and several hundred more work *at open-cast sites. Output from* deep-mined and open-cast sources is being increased to 1m tonnes a year.

Coal soon may also play a part in the revival of the docks at Workington, the county's only major port, which was acquired by Cumbria from the British Steel Corporation in 1974. The port, which can accommodate vessels up to 10,000 tonnes, handles BSC's exports of rails and track products from its Workington works together with chemical raw materials and various other cargoes.

A further boost to trade will be provided if plans go ahead to develop the port for coal ship*ments to Ireland.* Workington's port also has a stake elsewhere in the transport of energy. Its latest development is a roll-on roll-off service bringing nuclear waste from Dounreay in Scotland for re-processing at Windscale.

Steelmaking awaits return to profit

IN THE general crisis that has beset the British Steel Corporation, the various iron and steelmaking and engineering activities grouped under BSC Cumbria have proved no exception.

Faced with weak markets in the UK and worldwide, the loss of business during the industry's prolonged strike and afterwards, high interest rates and exchange rates, and inflation, BSC Cumbria's mainly Workington-based companies will turn in a £10.5m loss in the year to the end of March on a reduced turnover of £103m.

As in other parts of BSC, the consequence is lost jobs. A total of 1,900 redundancies have already been announced or are due to take place, bringing the total employed down to about 4,600.

Yet while the picture has its bleak aspect, there are hopes that moves already taken over the past year will bring BSC Cumbria back into profit sooner than many other parts of the corporation, and without too much further truncation.

Mr. Langton Highton, BSC Cumbria's general manager, says: "Manpower throughout the works has been reduced, and as a result of discussions with the unions we have been able to secure a number of changes in practices. We have made major efforts to reduce energy costs and we have speeded many processes up."

Surplus capacity in areas where demand has dropped has been substantially cut out, and in a number of other areas BSC Cumbria is already well down the path towards specialisation identified by the new BSC chairman, Mr. Ian MacGregor, as leading to a more profitable future.

Thus BSC Track Products at Workington is reponsible for the bulk of the corporation's output of rails and other railway equipment—products for which there is growing world demand.

Investment over recent years has been directed towards improving the balance in the works, bringing finishing operations up to match output of the rolling mills, and towards improving productivity generally. Output on 10 shifts a week has now passed that previously being achieved on 17.

Competition

In selling around the world Track Products faces heavy competition from other rail producers, in France, West Germany, Poland and elsewhere, and further investment of £3.1m has been recommended by the BSC board to give the Workington plant the capacity to supply rails 120 ft long—double the present length.

This is expected to enable Track Products to win back some markets lost to rails now produced on the Continent, and as a result to increase output. This in itself would help to reduce overheads and offset the difficulties caused by the high pound in low-price markets such as the U.S.

Major re-organisation has taken place too in the former Distington engineering operations at Workington which were placed under BSC Cumbria nearly three years ago. The company originally operated as a designer and contractor of steel works plant with its own manufacturing and workshops facilities but these two functions have now been split to form Distington Engineering Contracting and BSC Cumbria Engineering.

Cumbria Engineering Company continues with a substantially reduced labour force as a major world manufacturer of continuous casting equipment and has been protected to some extent from the slump in world steel investment by the continuing switch to this process route.

In response to the reduced investment of the steel industry major efforts have been made to find new markets for Cumbria Engineering and to develop new services for customers. The most important diversification has been into supplying the spent fuel flasks used by the nuclear industry to transport waste from as far as Japan for re-processing at Windscale.

About 40 per cent of Cumbria Engineering's workload this year is accounted for by the nuclear industry, which is likely to remain a strong customer for some years to come as a result of Britain's nuclear power expansion and recently-won overseas reprocessing orders.

Cumbria Engineering at the same time has begun marketing the facilities it can offer for routine servicing and refurbishment of steelworks and other heavy equipment.

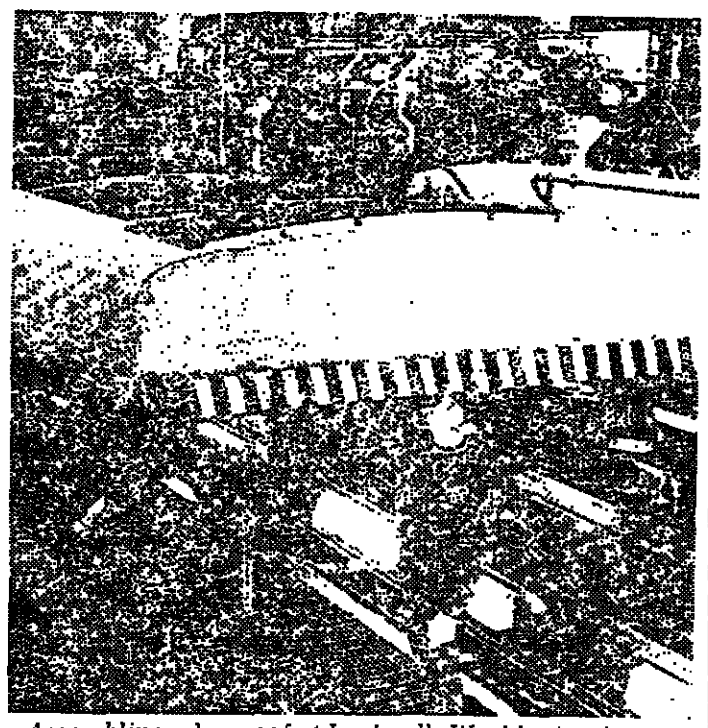
Extensive manning and production cuts have also taken place in Ogden and Lawson, a supplier of copper parts for blast furnaces, and it too is now looking at expansion in the allied brassfounding field. Barrow Steel, which operates a small 30-tonne electric-arc furnace making steel for specialised strip used mainly in packaging applications, has similarly reduced its labour force by one-third over the past five years to under 300.

The main uncertainty still hangs over the future of foundry pig iron production at Workington Iron, Britain's last producer of this commodity.

BSC has already announced the closure of its Distington foundry, which supplied its own engineering plant, with the loss of 430 jobs, and because of excessive stocks its two other foundries are currently out of operation.

Strenuous efforts have been made over the past year to persuade customers in the industry that the low prices being offered by merchants selling imported pig iron would soon rise if all UK production ceased. A decision will be made in the spring whether or not to bring one of the two foundries back into production.

The aim as far as all the businesses are concerned, according to Mr. Highton, is to get back into profit by spring. Next year, assuming a modest improvement in the UK economy, it is hoped that profits in the range £3.5m-£6m will be made. "We will do this, however, only if we make sure we are in the businesses that have a future, and out of those that do not," he says.



Assembling a bus roof at Leyland's Workington factory

Initiatives for tourism

A NUMBER of enterprising new schemes are now under way, or are in the minds of tourism administrators, to attract visitors to the thinly-populated coastline of Cumbria.

In Cumbria as a whole, tourism provides about £100m in revenue each year and the Lake District is one of the most visited parts of Britain. But while the Lakes are overcrowded at various times of the year, other parts of the county which are suffering from depopulation and declining industries could find in tourism a promising source of new employment.

The old dock system at Maryport, home town of Fletcher Christian of the Bounty, has been identified as a possible base for a maritime museum and as a well-placed cruising centre offering yachtsmen the choice of sailing up to Scotland, to the Isle of Man or even Anglesey.

Silloth, already a popular holiday resort for Scottish visitors, is also a championship bowls centre and the town is looking at ways to develop indoor facilities for the sport in winter.

At Millom, an isolated iron and steel town built around local deposits of iron ore, an exhibition of energy past and present will go on display later this year, featuring the nuclear plant a short distance up the coast at Windscale and Calder Hall.

Initiatives

Inland, the isolated town of Alston, where Cumbria meets the Pennines, is hoping to attract visitors interested in the history of lead mining in the area. Farm tourism is also seen as a valuable means of slowing down depopulation in a district which has lost its major source of employment with the closure of the local foundry.

These initiatives, most of them backed in one form or another by the Cumbria Tourist Board, are part of a two-pronged approach to the development of tourism in the region.

The total of nights spent in Cumbria by British visitors has been running in recent years at about 11m a year, with overseas visitors, mostly from the U.S., adding a further 1m. Altogether tourism is responsible for about 20,000 jobs, half of them in hotels and catering, making it almost certainly Cumbria's biggest industry.

However, with the west of the county traditionally heavily involved in industry, from iron and steelmaking at Workington to chemicals at Whitehaven and shipbuilding at Barrow, tourism's benefits have been felt only in parts of the county. Many of these industries have been shedding labour over recent years and so tourism offers perhaps the most prospects of alternative jobs.

If tourists can be persuaded to visit lesser-known parts of the county there will also be other benefits. For example, there will be less need to increase the facilities for handling cars, coaches, and holidaymakers in the Lakeland area by building new roads, and hotels, or sanction more camping and caravan sites, which all put at risk the scenery which attracts the visitor.

For this reason the Lake District Planning Board—the authority which controls development in the area—has set its face against major new developments.

The approach being adopted by the Cumbria Tourist Board for the Lakes—the other prong in its strategy for the county as a whole—is to try to maximise the use of existing facilities. Occupancy rates in hotels fall away sharply in the winter months and increased conference business together with leisure courses have been identified as offering perhaps the most promising avenues for generating off-peak business.

The board is also encouraging hotels and other tourist operators in the main Lakeland towns and other important centres such as Carlisle—a major staging post for visitors on the way to Scotland—to take advantage of the grants, loans, and interest relief schemes offered by the Government to those providing better facilities. Improvements such as bathroom and toilet suites in bedroms are seen as essential if hotels are to attract higher-spending visitors, particularly from overseas, and also encourage them to stay for longer periods.

The take-up for the Government aid schemes which are administered through the tourist boards has been good so far. In its last financial year the board dealt with nearly 100 projects which generated total investment in tourism in the county of £4m.

The tourist board is also behind a scheme to achieve better utilisation of public facilities such as transport. If this succeeds it will have the double effect of helping to reduce summer congestion and providing the extra revenue needed to ensure that many services can continue.

Special timetables will be issued this summer covering the northern and southern parts of the county, showing visitors clearly the sort of journeys that can be made by rail, bus, or water to various attractions, and the necessary connections.

Trend

CONTINUED FROM PREVIOUS PAGE

people, were closed last year and there have been other shutdowns and manning cuts.

At the same time the machinery for helping industry has itself been weakened. From the middle of this year changes in government regional policy will reduce the incentives on offer to industry moving into certain parts of the county such as Barrow.

Government restrictions on local authority expenditure have also made it necessary for Cumbria County Council to revise its own scheme for providing loans to industry. This is now likely to be replaced by a loan guarantee scheme through a clearing bank.

Nevertheless, Cumbria can look forward over the next few years to the benefits of several major capital expenditure projects within its borders. About £2bn will be spent on new facilities at Windscale for reprocessing nuclear fuel and £400m is due to be spent bringing ashore gas from Morecambe Bay.

Decision

Barrow itself is likely to be the major beneficiary if the Government confirms its decision to embark on a £5bn programme to replace Britain's Polaris submarine missiles with Trident missiles. The Vickers shipbuilding yards at Barrow, where 14,000 people are employed on submarine and other naval shipbuilding work, is currently awaiting approval for a £60m development to provide a covered hall to build nuclear submarines and the Type 42 destroyer in completely enclosed surroundings.

Cumbria's prosperity inevitably is going to depend mainly on the performance of the UK economy as a whole. Its industry has been put to the test over recent years, however, and has emerged trimmer and stronger.

The county can draw too on the additional strengths of its tourist industry—likely to be of increasing importance with the growth of leisure—and on agriculture—already the basis for an extensive local food processing industry. When the upturn in the UK economy does come Cumbria will at least have the foundations for growth.

LOMBARD

The real 'real interest rate'

BY ANTHONY HARRIS

ONE THING that makes me grind my teeth and tear out my thinning hair in bunches is to hear bankers, economists and others blandly announcing that they cannot imagine why industry makes such a fuss about high interest rates. "After all," they remark, "the real interest rate is still negative." Like the earth is flat, it is.

Overlooked

Even in the sense in which they use the words, the statement has been untrue for many months now. The year-on-year increase in the retail price index is well over a full percentage point below the present cost of commercial credit even to fairly prime borrowers: but of course the moneylenders tend to overlook little facts like that. I rather prefer the straight lies about starving children and sick grandmothers which formed the moneylending patter of Restoration comedy.

It would hardly be worth wasting spleen on a little lie like that, though. A much more important one is concealed in the basic formula—subtract the annual rate of inflation from the annual interest rate, and you get the "real" rate of interest. Only academics, historians and apologists live in a world where significant events take a year to happen.

In the real world, the real cost of money depends crucially on the period of the activity financed. For a manufacturer financing a fairly slow production process taking, say, six months from purchase of materials to sale of finished product, it is the six month rate of inflation which matters. This now stands, as Mrs. T. likes to remind us, at 8.4 per cent. So the real rate of interest is getting on for double figures, *according to the credit rating* of our borrower.

We are still, however, using the retail price index as a yardstick, but this is relevant only in measuring the real income of personal savers. It has nothing to do with the real cost to commercial borrowers: because quite a lot of the rise in the RPI is due to the Government rather than to the market economy. In the last year retail prices have risen 15.3 per cent, but nationalised industry prices by more than 28 per cent.

Manufacturers sell at prices reflected in the wholesale rather than the retail index, *and this has been rising at an* annual rate of only 5.6 per cent in the last six months. So the average manufacturer is facing a real interest rate of over 10 per cent—a matter of about £2bn a year in real terms on the present level of bank indebtedness.

And of course there is another subtle little twist of the *knife: the excess rise in* nationalised industry prices and local rates, which inflates the RPI and enables people to understate the real rate of interest, reflects a rise in costs *unmatched by selling prices* so far as the industrialist is concerned. After being bled white by the banks, he is squeezed for the last drop of gore by Sir Keith Joseph and Mr. Michael Heseltine, who dictate the policies which inflate his rate bills and energy costs.

And of course we are still discussing nothing but averages. The Sandilands Committee, in the course of destroying its own *brief, argued that the average* rate of inflation is meaningless to the individual enterprise, which has to contend with its *own costs and prices, not the* average. This is nonsense analytically, because it mixes up the effects of changes in the *value of money with the effects* of changes in relative prices, and set back inflation accounting for years; but it does under*line the fact that for those in* particularly depressed or exposed markets, the interest burden may be much higher *than the average real burdens* I have worked out here. That goes especially for the cost of financing stocks of commodities, whose prices have actually fallen.

Backbreaking

Interest rates may still be stuck at an excessive level *because the Government does* not know how to control its costs, or collect revenue from the oilfields, or because someone in the *Bank* of England has glue where his brains ought to be. But let us hear no more hyprocrisy, from bankers and those with indexed pensions, about the low "real burden." It is high, and may prove backbreaking.

The magic and excitement have gone

FILM AND VIDEO

BY JOHN CHITTOCK

ONCE UPON a time there was a cosy little industry called sponsored films. It wielded some influence in the land because, in an environment where people were not saturated with surprises from the media, it *projected some sense of magic* and excitement. When a tyre manufacturer wanted a compelling curtain-raiser for presentations to the garage trade, it made a sexy, swinging film about a blonde, a sports car, a truck and its driver, motoring through Italy (Pirelli's *The Tortoise and the Hare*). When the nation's railway system *wanted to provide a perspective* on the social hub of the mainline station—a subtle reminder of the greatness of rail travel—it made *Terminus*, John Schlesinger's classic documentary.

That was all rather a long time ago. When industry sponsors films today, almost invariably there is a hard-edged *marketing reason, unconcealed* but, often brutally pronounced. The magic and excitement have gone, and so has the talent *which created it. World-wide*, the sponsored film business is now populated by a diminishing band of familiar faces—many *approaching retirement, with* few young ones coming in to replace them.

Broadcast television creamed off some of the talent, and now video is taking nearly all of the young Turks and people with ideas.

This sad prologue is partly, but not wholly, provoked by a screening last week of recent productions from British Transport Films, part of British Rail's audio-visual services. BTF, as it is known, was once a world-leader in documentary, even with a Hollywood Oscar to its credit. It was also a constant user of fresh talent, especially of writers from other fields, even composers (such as Wilfred Josephs, who went on to write the *I, Claudius* music and other TV greats).

No longer, I fear. This is not necessarily a criticism of the loyal band of people who run BTF, but really a sign of the changing times in which we live. For example, safety films figure high in British Rail's output—such as one seen last week, *Safety at Work*. Made to "stimulate discussion and provoke action" among staff, it presents disturbing, self-critical statistics which show that safety *on the railways is not improving* in step with other industries.

Perhaps 20 years ago, such a subject would have been rare, and *certainly tackled less* openly. But I suspect it would have used the medium more imaginatively than the bland and pedestrian style of this film.

Even when BTF gets near to some of its old glory—filming in Scotland, as it has done many times before—the sparkle has gone. *Partners in Prosperity*, another recent film, has none of the romance of the Highlands; but the marketing message is there — aimed at opinion-formers and politicians, showing how the railways in Scotland are becoming an integrated partnership with *other modes of transport*.

It makes sense in the hard times of the 1980s, even if it is difficult not to forgive commentary lines like: "A land fit for folk to live in." But the economic arguments do not really come through cogently.

I wonder if the politicians might find more sympathy for British Rail in another film never intended for that purpose. *A Line for All Seasons* has its premiere in Scotland last week and will be repeated at the National Film Theatre in London this Thursday. British *Rail is just one of many* co-sponsors, including Kodak, the British Tourist Authority and Sir Robert McAlpine and Sons. *The film is an account of the* extraordinarily beautiful railway line from Glasgow to Mallaig.

There is no calculated message in this charming film, which transports the viewer through some of the most pictorial scenery ever seen by man. Yet I guess that politicians who see it will feel, in their bones, that there is something so special about the railways that cold economic calculations on viability alone are not enough.

Do we always have to make decisions with the head? Is that not part of the malaise in the current dilemmas the world faces? A film such as *A Line for All Seasons is a welcome return* to the old days of sponsored films, but I happen to know that its origins owe more to patronage than sponsorship; more to the aims of the film-makers than to British Rail and the others who backed it. Such films do not fit into the schemes of contemporary sponsors.

The trend to the functional is evident, too, in the *rising* popularity of tape/slide programmes. British Rail made 44 last year, while the film pro*duction element of its work* (with associated staff) declines in number. Video creeps in more substantially, and BTF last year distributed *600* videocassettes. Small alongside 23,750 films, but—as Mr. John Shepherd, head of BTF, says—*videocassettes are growing* in popularity, even as a medium for showing films and tape / slide programmes. This is especially true for senior management, who can more easily view a programme via the TV set in their offices, than trundle next door into the cinema.

Practitioners in tape/slide may object to my inference that their medium is part of a functional trend. But the growth in tape/slide owes much to the ability of this medium to cope with explaining and telling rather than persuading or motivating. It is also less expensive, and can be updated *quickly* and cheaply.

It would be difficult to find a better example of this than a programme recently made for the Office of Fair Trading. This has been made to help local authority trading standards officers educate shopkeepers on their legal obligations regarding credit advertisements.

The tape/slide programme tackles this cartoon-style in 13 minutes and, inevitably, can touch only on some of the key points. Since the printed literature on this aspect of the Consumer Credit Act is quite frightening (in the words of the OFT, "needing a lawyer and a computer") tape/slide is a useful way of simplifying some of the issues.

However, there is an irony even here. This particular programme was made by Beryl Stevens, now a prolific tape/slide producer. Yet in the salad days of sponsored films, Ms. Stevens was our leading cartoon *film-maker*—the magic hand behind most of those marvellous Barclays Bank films.

Film continues to try. Even Super 8mm was in the news again last week, when a Press release from Gordon Audio *Visual informed* me that "over 700 Fairchild Super 8mm cassette sound projectors have been ordered by the U.S. Air Force to supplement their existing 5,000 . . . for training." But the tail-end of the release reveals that many of the programmes are being originated on tape/slide and video for transfer on to 8mm cassettes.

Along with the *changing* values and priorities in sponsored films—the loss of that excitement — the distribution methods are changing. Personalised or small group viewing, encouraged by the videocassette recorder in particular, is now emerging as the pattern for the future, since it is more convenient and more efficient.

It can never emulate the vicarious experience of the darkened cinema. But it complements the encroaching syndrome *of social withdrawal*—the anonymity of supermarkets, mail order, video games and medical diagnosis by computer. Perhaps we no longer feel safe in shared experiences. As many soccer fans might confirm.

Strong challenge at Cheltenham

RACING

BY DOMINIC WIGAN

ONE OF the few major disappointments for the Irish at *postwar* Cheltenham Festival meetings has been their four-year-olds' repeated failures to land the Daily Express Triumph *Hurdle*.

Almost every March since 1950 Ireland has fielded a strong team (numerically, at least) but only Mcladon, who *scored* in 1977, took the prize across the Irish Sea.

In two months, it seems probable that England's hot favourite, Broadsword, will be facing at least eight opponents *from Ireland*.

At present The Very Thing, Tie Anchor, Here's Why, Disco Dancer, Kolme, Brown Eclipse, Flashys Pal and Tisdalls Grove are all earmarked for the four year-old championship.

The three to most interest me are Tie Anchor, a hefty market order with one firm early last week, The Very Thing, who beat older opponents recently, and the lightly raced Tisdalls Grove.

Tie Anchor could hardly have been more impressive last month in defeating Lord North and 17 others in testing ground at Punchestown. There the Paddy Predergast recruit found 11 st 7 lb and the concession of almost a stone to the runner-up well within his capabilities.

Tie Anchor, one of the most experienced performers in his class, will be seen to maximum advantage on holding ground in March.

The Very Thing is another experienced four-year-old, and one boosting *a recent victory* over older opponents.

Latest Daily Express Triumph Hurdle odds: 4-1 Broadsword; 14-1 The Very Thing; 16-1 Drumburn; 20-1 Tie Anchor; 25-1 Here's Why, Cilium, Disco Dancer, Hopeful Shot, Kolme, and Franciscus.

Running Scared did the trick for Arthur Pitt in last year's running of the Warndon Selling Chase at Worcester. The Epsom trainer will be hoping that *Scarlet Emperor answers his* hopes this time.

Scarlet Emperor was doing by far his best work in the *closing stages of a similar event* over two miles at Lingfield last month. He will be ideally suited by the additional half-mile of this afternoon's opening event on the Midlands track.

WORCESTER

1.30—Scarlet Emperor***
2.00—Shell Burst**
2.30—Slippery Dick*
3.00—Ma Maison
3.30—King Vince
4.00—Paralleiray

TV/Radio

† Indicates programme in black and white

BBC 1

9.05 am *For Schools, Colleges*. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 *Fingerbobs*. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol y cwm. 3.53 Regional News for England (except London). 3.55 *Play School* (as BBC2 11.00 am). 4.20 Laurel and Hardy in "Shrinking Shrieks." 4.25 Jackanory. 4.40 Animal Magic. 5.05 *John Craven's Newsround*. 5.10 Grange Hill. 5.35 Ivor the Engine.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 Rolf Harris Cartoon Time (London and South East only).
7.15 Taxi.
7.40 Six of the best: "A Man Called Ironside."
8.30 Seconds Out.
9.00 News.
9.25 Play for Today.
10.35 Omnibus.
11.25 Platform One.
11.55-12.00 News Headlines.

All Regions as BBC1 except as follows:

BBC Cymru/Wales—11.38-12.03 pm Dechrau siarad. 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.45 Pink Panther Show. 7.00 Heddiw. 7.30 Pobol y cwm. 8.00-9.00 The Superstars. 11.55 News Headlines, News and Weather for Wales.

Scotland—10.38-10.58 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.45-7.15 Indoor Bowls. 10.35 Current Account. 11.05 Omnibus. 11.55 News and Weather for Scotland.

Northern Ireland—†10.38-10.58 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.15 As I Roved Out. 11.55 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.45-7.15 East (Norwich)—The Harwich Packet; Midlands (Birmingham)—Know Your Place; North (Leeds)—Hometown (Bridlington); North East (Newcastle) — Heroes; North West (Manchester)—Sit Thi Deawn; South (Southampton)—Support Your Local . . . Movies; South West (Plymouth) —The Music Quiz; West (Bristol) RPM.

BBC 2

10.00 am *Business World*.
11.00 Play School.
11.25 Speak for Yourself.
2.30 pm Roads to Conflict.
3.00 *Illusions of Reality*.
3.30 Living City.
4.30 The President's Inauguration: President Reagan takes office.
†5.40 Laurel and Hardy in "Their First Mistake."
6.00 The Deceivers.
6.30 *Cartoon Two*.
6.40 Under Sail.
6.55 News Summary.
7.00 The Tuesday Western: "The Naked Spur" starring James Stewart.
8.30 Russell Harty.
9.00 Pot Black 81.
9.25 Ireland: A Television History.
10.25 Jake Thackray and Songs.
10.55 Newsnight.

BBC2 Scotland Only—4.20-4.40 pm BZZZ (Children's programme).

LONDON

9.30 am Schools Programmes. 12.00 Jamie and the Magic *Torch*. *12.10 pm Pipkins*. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 The Mallens. 3.45 Unforgettable. 4.15 Dr. Snuggles. 4.20 Ace. 4.45 America's 40th President.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Looks Familiar.
7.30 Ballyskillen Opera House.
8.00 Sapphire and Steel.
8.30 George and Mildred.
9.00 Cover.
10.00 News.
10.30 "The Night Visitor" starring Max von Sydow, Trevor Howard and Liv Ullmann.
12.25 am Close: "Sit Up and Listen" with Christine Smith.

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Out of Town. 1.20 Anglia News. 2.45 The Mallens. 3.45 Looks Familiar. 6.00 About Anglia. 7.00 Gambit. 10.30 British Matchplay Darts Championship. 11.00 TV Movie "Delancey Street: The Crisis Within." 12.25 am A Norfolk Parson Visits America.

ATV

12.30 pm Gardening Today. 1.20 ATV News. 3.45 Looks Familiar. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Left, Right and Centre. 11.10 ATV News. 11.15 The 1981 Butlins Grand Masters Darts Championship. 11.45 Barney *Miller*.

BORDER

1.20 pm Border News. 3.45 Looks *Familiar*. *6.00 Lookaround Tuesday*. 7.00 Emmerdale Farm. 10.30 Pro-Celebrity Snooker. 11.15 Our Little Town. 11.45 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where. 3.45 Looks Familiar. 6.00 Channel Report. 7.00 Lady Houston. 8.30 The Cuckoo Waltz. 10.28 Channel Late News. 10.36 Sunday, Sweet, Sunday (Armagnac). 11.05 Pro-Celebrity Snooker. 11.50 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 12.30 pm Simply Sewing. 1.20 North News. 3.45 Looks Familiar. 6.00 North Tonight. 7.00 Welcome to the Ceilidh. 10.30 Feature Film: "The Dion Brothers." 12.20 am Reflections. 12.25 North Headlines.

GRANADA

1.20 pm *Granada Reports*. 3.45 Looks *Familiar*. 6.00 Granada Reports. 6.25 This is Your Right. 7.00 Emmerdale Farm. 10.30 The Monte Carlo Show. 11.25 After All That, This. 11.35 The New Avengers.

HTV

12.30 pm Play It Again. 1.20 HTV News. 3.45 Looks Familiar. 6.00 Report West. 6.30 Three Little Words. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 "Lock Up Your Daughters," starring Christopher Plummer and Susannah York.

HTV Cymru/Wales—As HTV West except: 9.47-10.02 am Wales and the Sea. 10.48-11.03 Believe It or Not. 12.00 Poli A Pili. 12.05-12.10 pm *Calimero*. 4.15-4.45 Gwesty Gwirion. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Mae'r Gelyn Oddi Mewn. 11.05 World in Action. 11.35-12.30 am Have Girls Will Travel.

SCOTTISH

12.30 pm Gardening Today. 1.20 News Headlines and Road and Weather Report. 3.45 Looks Familiar. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 10.30 Encore for the Arts. 11.15 Late Call. 11.20 Kate Loves a Mystery.

SOUTHERN

1.20 pm Southern News. 3.45 Looks *Familiar*. *6.00 Day By Day*. 7.00 Emmerdale Farm. 10.35 Afloat. 11.05 SWAT.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 Looks Familiar. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 10.32 Northern Report. 11.00 SWAT. 12.00 First Class Citizen.

ULSTER

1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News. 6.00 *Good Evening Ulster*. 7.00 *Emmerdale* Farm. 10.29 Ulster Weather. 10.30 Carrott del Sol. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 3.45 Looks Familiar. 6.00 Westward Diary. 7.00 Mark It. 8.30 The Cuckoo Waltz. 10.32 Westward Late News. 10.36 Sunday Sweet Sunday (Armagnac, France). 11.05 Pro-Celebrity Snooker. 11.50 Faith for Life. 11.55 West Country Weather, Shipping Forecast.

YORKSHIRE

12.30 pm *Looks Familiar*. 1.20 Calendar News. 3.45 Calendar Tuesday. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 10.30 "The Power and the Passion," starring *Vince Edwards, Desi* Arnaz Jnr., and Trisha Noble.

(S) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Steve Wright. 11.00 Andy Peebles. 12.30 pm *Newsbeat*. 12.45 Paul Burnett. 2.32 Dave Lee Travis. 4.32 Peter Powell. 7.00 Talkabout. 8.00 Richard Skinner. 10.02-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 3.02 pm The Leading Ladies (S). 9.02 Glamorous Nights (S). (Medium Wave joins at 9.30.) 10.00 With Radio 1. 12.00-5.00 am With *Radio 2*.

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 Soccer Special. *9.30 Glamorous Nights* (S) (joins VHF). 9.55 Sports Desk. 10.02 The Law Game. 10.30 Funny You Should Ask. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am *You And The Night And The Music* (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 *Overture* (S). 8.00 *News*. 8.05 Morning Concert (S). 9.00 *News*. 9.05 This Week's Composer (S). 9.35 Ruggiero Ricci violin recital, part 1 (S). 10.15 Interval Reading. 10.20 Recital, part 2. *11.10 Haydn in London* (S). 12.15 pm Lunchtime Prom, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Lunchtime Prom, part 2 (S). 2.10 Peter Wallfisch piano recital (S). 3.10 BBC Northern Symphony Orchestra (S). 4.25 Jazz Today (S). 5.00 Mainly for Pleasure (S). 7.00 Elgar's String Quartet (S). 7.30 "A Gentle Spirit," chamber opera in one act by John *Tavener* (S). 8.15 *When the Gods Were Going*. 8.45 "The Soldier's Tale" by Stravinsky (S). 9.50 Fauré harp music (S). 10.00 A Familiar Tree. 11.00 News. 11.05-11.15 Parnassus Ensemble (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way visits Savernake Forest in Wiltshire. 12.55 Weather. Programme News. 1.00 The World at *One*. *1.40 The Archers*. *1.55 Shipping* Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 The Good Soldier Svejk by Jaroslav Hasek (S). 4.00 Borderlands. 4.15 Brevity is *Death*. 4.30 Story Time. *4.45 PM* Special, including at 5.00 The Inauguration of President Reagan, 5.50 Shipping Forecast, 5.55 Weather, Programme News. 6.00 News. 6.30 Never Too Late (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 The Crash of Rolls-Royce. 8.35 Voices in Harmony. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 *The World Tonight*. 10.30 *Earthsearch* (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Erin Pizzey Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time from The House of Commons. 9.00-5.00 am Join Radio 2.

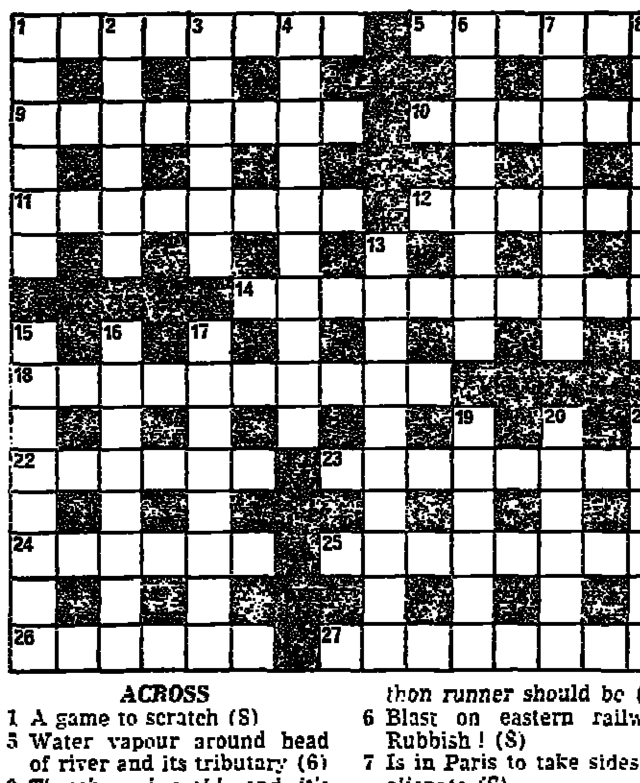
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 London Life. 9.00 Nightline. 12.00 LBC Reports Mid*night*. *1.00 am* Night Extra. 4.00 Our Kind of Town. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast *Show*. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Tony Myatt's Late *Show*. *2.00 am Night Flight*.

F.T. CROSSWORD PUZZLE No. 4,473



ACROSS

1 A game to scratch (8)
5 Water vapour around head of river and its tributary (6)
9 Thrash and scold, and it's harrowing (8)
10 A cleaner flag (6)
11 Be reduced to a degradation (8)
12 Dabble in a little soda-water (6)
14 Photograph monster flower (10)
18 Foresight in Rhode Island city (10)
22 Low pressure, valued for its scarceness (6)
23 Area kept in disorder for bird (8)
24 Neglected and heartbroken (6)
25 Pretext certain to give delight (8)
26 Team the Spanish equal (6)
27 A call for help about finest incombustible fibre (8)

DOWN

1 Comfort thus and add spirit (6)
2 Breed me an arrangement of flowers (6)
3 Buyer's option to float chemical compound (6)
4 *Tediously worded as a marathon runner should be* (4-6)
6 Blast on eastern railway? Rubbish! (8)
7 Is in Paris to take sides and alienate (8)
8 Trader in French sea song (8)
13 Shows glasses (10)
15 A flourishing river opening (8)
16 Stir breakfast food (8)
17 *I'd turn and pose in a remote place* (8)
19 Ferocious to protect silver within (6)
20 Change lustre in consequence (6)
21 Strain to emphasise (6)

Solution to Puzzle No. 4,472

ENTERTAINMENT GUIDE

هكذا من الأصل

THE ARTS

Royal Academy

A new spirit in painting? by WILLIAM PACKER

Before saying anything else I feel I must make it quite clear that whatever else it is (and it is indeed many things), the Royal Academy's major spring offering is certainly a brave and important enterprise. It fills the great rooms of Burlington House with an extraordinary melange of recent painting, the work of 38 artists, some of it very bad indeed, some of it marvellous stuff, all of its painting on the grand scale, and worth the seeing, at least for its vigour, and ambition if not always its final resolution.

"A New Spirit in Painting" is the first truly international show of current art to be seen in London for many years, and the first on such a scale since the very differently intended survey of the decade 1954-64 that the Tate put on all of 17 years ago. It gives us the chance to test a good few reputations, explode a few pretensions; and if the weights are uneven overall, it *is* possible nevertheless to set each particular artist against at least one or two of his peers, to match him fairly against someone his own size. The better artists come through their rounds cleanly and honourably, the stronger for the experience; and, of course, there are a number of surprises.

Katia reading by Balthus

No-one even half-confident of his way about the Modern Art Forest would dream of missing it, for all that he might be drawn into the maze only by the bait of one or two great names—Balthus perhaps, Bacon, or Picasso. For the rest, I would urge everyone to venture in who likes to think himself educated, cultured, or merely well-informed: for it presents an opportunity of some significance to our present culture, the chance to chew upon a rich if arbitrary and indigestible slice of what has been going on these 10 years past in what remains one of the great creative disciplines. It is, if nothing else, the event of the season.

But "A New Spirit in Painting"? This is a large claim to make; and in making it the organisers of the show step rashly and quite unnecessarily onto very shaky ground. A mixed exhibition may quite legitimately do some of several things: present an argument, propose a theory, make a survey, offer a purely personal view by whatever it chooses to show. But whoever puts it together cannot always have it all ways at once, and a closely argued manifesto may sit most unhappily upon a generous and catholic selection. It is important to be clear what the intentions are; and what the show is called matters a very great deal, as I know to my cost.

Christos Joachimides from Berlin, Nicholas Serota of the Whitechapel Gallery and Norman Rosenthal of the Academy itself were the selectors of the show, and this is what they have to say for themselves: "The current orthodoxies about painting were defined as long ago as the nineteen-fifties by American critics and achieved almost universal acceptance during the following decades . . . during the seventies painting continued to lose ground as "newer" means . . . began to dominate the great international exhibitions . . . However (we) feel strongly that the art of painting, whose recent history and development is far more complex and rich than has been generally acknowledged, is in fact flourishing. . . . This exhibition has in our eyes a programme. It is meant both as a manifesto and as a reflection on the state of painting now." (For the sake of concision I have inverted the order, but not I believe the sense, of their remarks.)

Mr. Joachimides goes a little further on his own, trying to clarify precisely what they mean: "The artists' studios are full of paint pots again and an abandoned easel in an art school is a rare sight. Wherever you look in Europe or America you find artists who have rediscovered the sheer joy of painting. . . . This new concern with painting is related to a certain subjective vision. . . . Artists, no longer satisfied with the deliberately objective view, are beginning to respond to their environment, allowing these reactions to be expressed in the form of images. . . . Consciously or instinctively . . . painters are turning back to traditional concerns."

Well, so he goes on, and all one can do is take a deep breath, and let it out slowly through pursed lips. For what is being said, so plausibly and confidently, is simply not true of the work actually on the walls, nor of the circumstances in which it was made. Were the artists themselves ever consulted, for it is hard to believe that any of them would ever subscribe to such nonsense? Paint pots in the studios again? How many years is it that the likes of Balthus and Bacon have been plodding on so steadily — 35 is it, or 45: and what of Freud, Auerbach, Matta, Guston, de Kooning, Hockney, Kitaj, Hodgkin, Stella, Warhol? Was Picasso so obscure? What can these artists have been doing while painting was so long away, or did no one think to mention the awkward matter to them?

More to the point, where on earth has Mr. Joachimides been all this time? What in fact we are talking about is no new spirit in painting but in criticism, more particularly the curatorial, proprietorial criticism that obtains within the tight political world of international exhibition and advancement. We see here an attempt to turn inevitable and long overdue strategic reassessment into local personal victory, fought against great odds, and changing the map of appreciation for generations: but the troops are safe at home, have been for years, their battle not so much won as never necessary, and so never fought. Our three organisers, experienced as they are and with a good mixed show on their hands, should have known better than to overstate their case.

What they achieve in practice is a celebration of the northern expressionist tradition, in the most elastic sense, as it survives and flourishes in the late 20th century. A strong German presence is established, with Koberling, Lupertz, Hodicke and Baselitz notable, the last unfortunately dissipating the undoubted expressive force of his work by insisting on hanging it all upside down, thus making it oddly invisible. The late Philip Guston is the best of the Americans, his work comparatively unfamiliar here and the stronger for being seen again.

Balthus dominates the largest room, and in a way the show, with a group of paintings that come right up to date, the first significant group of his work to be seen here since his retrospective at the Tate in 1968; and if his work has not exactly changed much in essence in the interval, it remains as powerful and impressive as ever, highly charged with ambiguous erotic and metaphysical suggestion. Bacon is more problematical, for his most fecund and influential period was all but over 20 years ago, but he has presided over English expressionism for nearly two generations and he deserves his central place. De Kooning too is honoured more for his early reputation than the newest work, which is strangely decorative and flaccid.

The English contingent holds up remarkably, deservedly, well, with Auerbach, Freud and Hodgkin outstanding in this as they would be in any contemporary company. Malcolm Morley is clearly someone we should see more of, and Kitaj looks well. Hockney's new paintings are engaging enough, freer and more light-hearted than for a long time past, and strongly reminiscent of the clever, somewhat literary and satirical work of some 15 years or so ago; but the quality is rather graphic than painterly.

To Picasso goes the pivotal position, the point of honour, and rightly so: for just as in his earliest years he can be seen as a true heir to the great tradition, so we can see him here pass on that standard. His four paintings in the Octagon demonstrate his remarkable creative endurance, the Young Bather of 1971, two years before his death, as fresh and open as anything he ever did. It is the work not of an old man coasting home but hard at work still, and in touch with the times.

"A New Spirit in Painting" continues at the Royal Academy until March 18.

Wigmore Hall

Frans Brüggen by RICHARD JOSEPH

Dutch recorder virtuoso Frans Brüggen has just completed a weekend of concerts and events at the Wigmore Hall. His visits to London are rare and this residency was a model of planning and perception amid the usual good natured jumble of early music promotions; such enterprise was fortunately rewarded by capacity audiences on Friday and Saturday nights.

Though the general standard of recorder playing has risen considerably in the last decade, Brüggen's work remains distinctive in a few important areas. His repertoire is particularly adventurous and though tone production and breath control do not seem exceptional, the range of articulaion most definitely is.

In the first half of Friday's solo recital, Brüggen used a brace of early 17th-century sonatas (by Cima, Riccio, Merula, Fonatana and Castello) as a springboard for an inventive series of trills, mordents and ever more elaborate ornaments. Each decoration was delivered with a subtle sense of timing and articulated with a mixture of short and/or slurred notes individual and specific to each work. Brüggen succeeded in giving each of these miniatures an identity they would certainly have lacked in less inventive hands. His mastery of the short, individual phrase was further demonstrated in a transcription of Corelli's violin sonata op. 5 No. 10.

Accompanist Bob van Asperen seemed more at ease than Brüggen in Bach's B minor sonata for transverse flute and harpsichord BVW1030. Brüggen's switch from recorder to baroque flute might well have accounted for the unsettled feeling of his performance. Despite beautiful tone, many of Bach's long phrases sounded directionless and Brüggen's lapses of ensemble put a few of these phrases in positively the wrong place.

Saturday's concert united Brüggen and the Quadro Hotteterre, a group consisting of two recorder players he trained at the Hague Conservatory, Kees Boeke and Walter van Hauwe, baroque cellist Wouter Möller and van Asperen. Though the concert concluded with an elegant and deservedly encored performance of Telemann's D minor Quartet from the second series of Tafelmusik, its highlights were the works for recorder trio without continuo: Mattheson's graceful and intricate C minor Sonata and Louis Antoine Dornel's restrained sonata in B flat.

Duisburg City Theatre

Elektra by ELIZABETH FORBES

The square in front of the railway station at Duisburg is named Portsmouthplatz, after the German city's twin town. It is not the only occasion for proud self-congratulation by the British in that stretch of the Rhineland just now.

A new production by the Deutsche Oper am Rhein at the Duisburg Theatre of Richard Strauss's *Elektra* has Pauline Tinsley in the title role. The emergence of Miss Tinsley, after years of comparative neglect at home in Britain, as an international star in demand all over Europe and the U.S., most particularly as the protagonist of the Strauss/Hoffmannsthal version of Sophocles' tragedy, is a heart-warming—and well-merited—phenomenon of the operatic scene.

Bohumil Herlischka's production, which set designed by Ruodi Barth and costumes by Liselotte Erier, is as different as it could possibly be from that by Harry Kupfer for the Welsh National Opera in which Pauline Tinsley first sang the part of Elektra. Instead of stressing the barbarity of life in Mycenae as Kupfer did, Herlischka presents a society with a veneer of civilisation. Agamemnon's palace is decaying, but its inhabitants—apart from Elektra—are sumptuously clad. Even Elektra, though reduced to the status of slave or beast in the royal household, retains a trace of nobility.

Miss Tinsley does not soften the brutal degradation suffered by Elektra, but she brings out vividly the latent warmth and tenderness in her character, finding marvellous expression for Elektra's thwarted instincts in the blandishments she uses on Chrysothemis and in the recognition of Orest. Her voice may lack the sheer size and opulence of timbre possessed by some famous exponents of the role, but its keen focus allows her always to be heard above the orchestra, even when singing with the merest thread of tone. By clever pacing she keeps sufficient breath and energy for the exultation of the final scene and for her dance of death.

As Klytemnestra, the indestructible Anny Schlemm gets every word across, and without grotesqueness either of voice or appearance, conveys the total moral and psychological collapse of a woman whose conscience torments her. Mani Meklar, Israeli-born soprano well-known to Wexford audiences, is a bright voiced, youthfully impetuous Chrysothemis who in happier circumstances would blossom into full radiance. Hans Tschammer makes a dignified and sonorous Orest, while Horst Hiestermann blusters convincingly as Aegisth. Hiroshi Wakasugi, conducting the Duisburger Symphony Orchestra, takes much of the score rather slower than is usual, but though this poses problems for the singers, the gain in emotional weight is considerable, and tension is never allowed to sag.

Book Review

Boulevard Mozart

by RONALD CRICHTON

Jacques Offenbach
by Alexander Faris. Faber and Faber, £11.50, 275 pages
Jacques Offenbach: a biography
by James Harding. John Calder, hardback, £12.95, paperback £5.95, 274 pages

Writing near the end of his life to the conductor Mottl, Wagner said "Look at Offenbach. He writes like the divine Mozart." Many years earlier Rossini had named Offenbach "the Mozart of the Champs-Elysées." Both Rossini and Wagner presumably knew that Offenbach shared their veneration for Mozart—rather touchingly, he used to travel with a biography of his hero. The comparison need not be pushed too far, but Offenbach in his simpler way did write with something of the natural Mozartian grace hiding a world of professional experience. And sometimes his melodies twist, turn, flower and prolong themselves like an inner part in a Mozartian score.

Certainly he was a much greater composer than many of the musical public who enjoy and respond to his operettas consciously realise—I think it was in these pages that Andrew Porter once bracketed him with Berlioz and Bizet as one of the three major French opera composers of the 19th century. Only a fraction of his large tally is regularly performed here, yet even so it is strange that so little has been written about him in England on either the biographical or musicological level.

The life of the Jewish cantor's son from Cologne who became an adopted Parisian and summed up a whole age of Parisian life was unusual and fascinating enough in all conscience. For those willing to ignore the stigma, part-social, part-moral, still attaching to "light music," there is much that needs exploring about the sources of Offenbach's style, including the influence of Jewish traditional music and the surely overrated extent to which the change in his later years was influenced by the collapse of the Second Empire.

Of these two books for the recent centenary, James Harding's biography glides with a practised hand over a stretch of Parisian cultural history which the author knows well. He provides a smooth read even if the use of facetious irony ("that special respect of men and the admiration of women that only a murderer can command" is an example) becomes irritating. The music is not Mr. Harding's main business and as a teller of operatic plots he does not command total confidence—Gluck's *Orfeo*, unless you omit the last scene, does not end tragically, Gabrielle in *La Vie Parisienne* is not a colonel's widow but a gloveseller masquerading as one. The chapter on *The Tales of Hoffman* is inadequate, but there is information to whet the appetite for forgotten works such as the comic opera *Vert-vert*.

Alexander Faris, who has conducted opera and operetta at Sadler's Wells, has an insider's experience. His book gives the biographical side with some tempting first steps towards a thorough examination of the music. So far, so good, but no volume as slim as this one can adequately cover life and works. The result is not only incompleteness but imbalance—may one hope for a much enlarged version in due course? The writing, good at its best, is uneven. There is a tired patch just before 1870, where any Offenbachian, should become extra wary—Mr. Faris inadvertently lumps *Les Brigands*, which I suspect to be the neglected major Offenbach most deserving of revival, among those with librettos not by Meilhac and Halévy.

Both books have index, work list and bibliography, fuller as one might expect in Mr. Faris's case. His publisher has done him proud, not so Mr. Harding's. Neither book is more than meagrely illustrated — unusual in days when almost any eminent dead composer receives the full pictorial treatment. One difficulty with Offenbach may be that the early photographers were not always flattering to female subjects—long exposures could hardly capture extreme mobility and expression. There is evidence elsewhere to suggest that even after the 1870 war and in spite of increasing embonpoint, Offenbach's greatest star, Hortense Schneider, was still a very handsome woman.

Round House

Schutz Choir

by DOMINIC GILL

No more than a fifth of the Schütz Choir's programme on Sunday night, the first concert of their Arts Council Contemporary Music Network tour, came from the present century; and that fifth was a single new work, a *Gnostic Passion* for 36 unaccompanied voices by Nigel Osborne. An unusual proportion but an intelligent one. A whole evening devoted to new, or even post-war, a cappella music would have been a tough nut indeed for any kind of concert public; and the six motets by Schütz and Richard Strauss that made up the programme were a secure and pleasing context in which to set the new piece in relief.

The *Passion* was played twice, once in each half; and it was a mark of its quality that it stood up so well to the company. Osborne takes for his texts five prose-poems from the Nag Hammadi manuscripts—secret gospels of the Gnostics, the early Christian sect suppressed as heretics in the fourth century. The words are Coptic and Greek; but the setting is abstract—the music mirrors the underlying movement of the words, and draws their sounds, vowels and consonants, to itself. It is a very sensuous testament: that moves from an opening hymn ("The sound which has many voices, and the voice in a single sound") to a celebration of the Fleshly Serpent, to a rousing dance on the Mount of Olives, to a final, arboreal ecstasy of the greatest delicacy, almost Messiaenish in its sweetness and fervour, unexpected and strangely beautiful.

With all repeats, the work lasts nearly 19-minutes: for its conciseness and compression it seems shorter. The sound-colour is grave but warm. For his double choir, Osborne draws (as he describes it) from a "natural acoustic well" in which natural harmonics, as well as sum-tones and difference-tones, are reinforced. It is an unusually demanding score, which the Choir, under Roger Norrington, mastered adroitly and for the most part with remarkable accuracy.

No less than the Osborne, the four Schütz motets (including the marvellous "Ach Herr, straf mich nicht!") and Strauss's *Zwei Gesänge* (early Strauss from the pre-opera period of the tone-poems) suffered badly from the lifeless acoustic of the Round House. Anyone who can should catch the programme on Wednesday when it visits Durham Cathedral.

The Network's programme-notes for the concert are once more sketchy and inadequate. In a single spread, more space is given to information about the performers than about the music; no texts for the Osborne are provided; no dates or first names are given for Schütz or Strauss, nor any dates for their works. The folded page reads, and looks, more like a publicity handout than a programme. The Arts Council really should either abolish their notes entirely, or take them more seriously: do they imagine they are producing Network concerts only for a knowledgeable elite?

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Tuesday January 20 1981

Blackmail must not pay

THE ALGIERS agreement on the American hostages is to be warmly welcomed for two main reasons. The first is humanitarian. The second is political. President Reagan, as he will be from midday today, can begin his term of office with a clean *sheet as far as the hostages are* concerned and start to build a new Iranian and Middle Eastern policy free from the shackles that Theran had so spectacularly imposed on Mr. Carter. The temptation to intervene militarily, and possibly disastrously, to rescue the Americans has been removed. While earning the credit for getting the hostages out, Mr. Carter will also have to bear the main responsibility for the final terms *of the deal, which are bound to* attract criticism.

The Iranians are—for obvious reasons—already presenting the agreement as a total climbdown by "the Great Satan."

Concessions

That, of course, is not the whole story. In the first place, it must be doubtful whether Mr. Carter could have struck his last-minute bargain if Mr. Reagan had not made it so clear that he intended, from today, to take a very much tougher line. In that respect, the credit is as much his as Mr. Carter's. In the second, there is a strong air of *ransom about the concessions* that Washington has had to make to rid itself of what once *looked like* a virtually insoluble problem.

In one sense, Mr. Carter can defend himself from the ransom charge. The amount of money to be transferred to Iran, via the Bank of England, is much less than the Iranians were demanding only a matter of days ago. They have acquired little, in terms of financial assets, that they did not already possess when the hostages were first seized in November 1979. They have perhaps done reasonably well over interest charges, *and they have forced* the Americans to freeze the late Shah's U.S. interests—although it must be unlikely that Iran will succeed in recovering much by those means.

Violation

The real ransom is not the money. It is the fact that the Americans have been obliged to negotiate under duress to secure treatment for their citizens to *which they should have been* entitled by right. It lies in the violence that has been done to the international banking system—both through government pressure on banks to behave in ways that they would not normally choose, and in the implication that funds placed abroad may be liable to seizure *for political motives. In agreeing* that the hostages shall have no right to sue Iran for compensation, the U.S. has even deprived the victims of what should have been the normal legal recourse of an injured party. In sum, in many fundamental ways an illegal act has led to a further violation of international law and diplomatic practice.

Of course, one could argue that the hostages would not now be *on their way to freedom* if Mr. Carter had not first frozen the assets he has traded for *their release*. The fact remains that international conduct at the level of the Italian Red Brigades has been in an important sense rewarded. Diplomats and foreign travellers everywhere must feel less at ease, and a major step backwards has been taken in the civilised rules of behaviour between nations. The hostages themselves may *suffer* lifelong psychological disturbance.

Unique

What, in the end has Iran *gained that it could not have* secured through the courts? The ayatollahs will say they have inflicted humiliation on a super-power and changed the course of a U.S. presidential election. That is one of the "ifs" of history. But they *failed to secure the return of* the Shah, and—so far, at least—of his assets.

What they have done is to help awaken the U.S. to its weaknesses both militarily and politically around the globe. If they have indeed helped to *instal* President Reagan in the White House, they have also ensured that "the Great Satan" *will now look for ways of* making itself stronger, not least in their own part of the world.

Yesterday's agreement was signed in unique circumstances on the very last day of a U.S. presidency. If President Reagan and his entourage mean what they say, the Iranians would, from today, have faced a new and much tougher ball-game had they not settled. It is now up to him to ensure that the U.S. does not expose itself, as it did partly through its own *misjudgement in Iran, to such* blackmail in future. One can only hope that yesterday's unique circumstances remain unique.

An over-simple tax proposal

THE RECENT Consultative Paper on Stock Relief issued by the Inland Revenue has already produced virtually unanimous protest from the accounting profession, and this has now been reinforced by the 100 Group, representing the finance directors of most of the largest enterprises in the UK. It is natural, of course, for companies to resist proposals which appear to threaten any additional corporate tax burden: but on this subject the Inland Revenue's proposals also raise issues of principle which are at least as important as the revnue at stake.

Emergency

The Inland Revenue has proposed a new system of stock relief. It may seem odd that this subject should be tackled before there has been any general policy formulated on how to adjust tax liabilities for inflation, for this is only one *aspect of the broader problem*; but the authorities are faced with something of an emergency. Mr. Healey's stock appreciation relief measures of 1974 were themselves devised to meet an emergency-

As is the way with emergency *legislation, it met the needs of* the time very well, but threatens unhappy consequences in the very different conditions which have followed. Companies which were relieved of tax when stock values and volume were rising now face a heavy tax bill because the squeeze has forced them to cut stock, and cost increases are lower.

Last year the Chancellor allowed the corporate sector a year's relief from *this clawback*, and promised a new tax structure in time for his coming Budget, so the Revenue cannot really plead inadequate time to *devise its proposals. What it* could have pleaded and did not is that the time is inappropriate: a new system of stock relief should be part of a comprehensive proposal on corporate taxation under current cost accounting. Instead it has produced detailed proposals which, while they meet the need to abolish clawback, also appear to undermine the CCA principles which have now been adopted after so much debate and effort.

It should be remembered that *it was at the Government's wish* that the original proposal from the chartered accountants for *accounts expressed* in constant purchasing power was rejected. These would have in effect indexed company income so that only real gains would have been declared as profit, and those which simply offset the falling value of money would have been netted out. It would have left companies open, as they have always been, to the risks *implied by changes in relative* prices.

The Treasury no doubt argued that such a system would concede a principle of indexation which would then have been demanded everywhere else—for income tax *and personal allowances*, for savers and for capital gains, for pensions and welfare payments. It has proved a *largely futile* resistance, for the logic of inflation has imposed most of the changes suggested by the logic of accounting.

Limitation

However, since the official machine started a process which has resulted, at length, in the *adoption of very different* principles, the Government should now accept the consequences. The Inland Revenue proposals fail to do this in two ways. *First, they reject the* principle of current cost, and call for stock values to be adjusted against an average inflation index; and secondly, they impose a quite arbitrary limitation on allowable relief by deducting gross rather than net corporate borrowing.

The proposals are simple, and would yield more revenue than a system consistent with current cost accounting. However, this is no adequate reason to pre-empt such fundamental issues in inflation accounting, and further confound a subject which is already impenetrably complex. The Government *should rather* extend its clawback relief for another year, and solve this problem in its proper context.

THE HOSTAGES

Why Iran no longer wants its captives

By Andrew Whitley

IN FEBRUARY 1979 the Iranian monarchy collapsed when revolutionaries loyal to an ageing religious patriarch forced the surrender of the Imperial Armed Forces. Nine chaotic months later *a band of 100 or so young* zealots seized the red-brick compound of the U.S. Embassy in Tehran and took its occupants hostage.

Nearly 15 months later the remaining 52 Americans held in Iran are almost free. And the revolution has been indelibly stamped with an anti-western seal in keeping with its origins in the theological colleges and shanty towns

The *capture of the "nest of spies"* as it was rapidly dubbed, was an action borne out of fear that the Islamic Republic was falling back again under the economic and political sway of the United States.

Ayatollah Khomeini's rapid endorsement of his young followers' challenge to the gradualism and Moslem social democracy of Mr. Mehdi Bazargan, his appointed Prime Minister gave the act legitimacy, turning it into the fulcrum around which the contesting forces inside Iran have swung ever since.

Three developments changed *the situation. One was internal* and two were external. Once the present group of fundamentalist clerics had triumphed, the hostages lost their political value. Then when President Jimmy Carter—an arch devil in Iran's demonology—crashed to defeat in the November elections and Iraq, the old enemy, launched a war apparently aimed at helping topple the already embattled regime in Tehran, the stage was *set for negotiations.*

The deadlock with the Americans was broken once the *81-year-old Ayatollah had been* convinced he could get nothing more out of the affair. With the removal of this prop the revolution looks as vulnerable as ever before, and possibly more so, to the winds of great power politics and internal dissension.

The future of the Islamic Republic depends heavily on the *Ayatollah's health. That is said* to be good for a man of his venerable age but there is no predicting when he will go. The prospect is a deeply alarming *one in Washington* and Moscow.

When the Shah's forces ceded control to those of the *mullahs* nearly two years ago the U.S. surrendered its prize position in the Middle East. For a while under Mr. Bazargan it entertained hopes of re-establishing a modest, low key relationship based on trade and the re-*supply of Iran's* largely U.S.-equipped armed forces. Those aims died with the capture of *its Tehran Embassy, but must* now be revived—if only to forestall the Soviet Union.

In the interim the Russians have made notable strategic gains in the region. Afghanistan has been consolidated into their empire, the anti-imperialist—meaning essentially anti-American—forces in Iran have been strengthened, and, unless Washington moves smartly, Moscow could well be in a posi*tion to* bring about a peace settlement between the warring Gulf states in the way they did *at Tashkent in* 1966 between India and Pakistan.

Moscow has had good reason to fear that the ending of the hostage crisis could be a re-establishment of western influence. Thus in recent weeks U.S. officials believe it has attempted, *blatantly at times*, to sabotage the agreement being painstakingly worked out. Iraq too has made public its anxiety that a renewed flow of Western arms, spare parts and ordnance could tip the balance in the four month long conflict in Iranian Khuzestan.

For the West, Iran remains an important source of oil, capable if necessary of producing up to 6m barrels a day for the next 20 to 30 years. For the Soviet Union and western Europe it was in the past also *well on its way to becoming a* leading exporter of natural gas.

However, the way in which *the West* and much of the developing world has in effect done without Iranian oil for the past year has broken the psychological sense of depen*dence on the country* which was once second only to Saudi Arabia in importance to thirsty oil consumers. There *have* certainly been exceptional circumstances in 1980: the worldwide recession, the way in which other OPEC countries boosted their *output in compensation*, the effect of once-off conservation measures, and so on. But the fact remains that, on balance, Iran is probably now unique among the major oil exporters in needing its customers more than they need it.

To meet the demands of an increasingly disgruntled populace, as well as to continue to fight a war that *shows no sign* of ending, Iran needs urgently to restock the national coffers. Oil exports are likely to be boosted to the maximum permitted by the constraints of the Iraqi tanks and bomber aircraft, possibly up to 4m barrels a day. Any successor regime in Tehran will be bound by similar considerations.

But while it may resume *some of its former* importance as an oil supplier, in a number of other critical ways Iran and its place in the world *have* changed irrevocably since the days of the late Shah. His dream of Iran as the "Japan of Western Asia," the economic *powerhouse* of a turbulent region steadied by Iranian weight and influence, has gone for ever. So also *has* its position as the kingpin of a West-allied political and security system.

CENTO, the Central Treaty *Organisation* which reflected this system, has disappeared into the dust; so too have the plans for closer economic *links* between the regional states. With the Soviet invasion of Afghanistan, it is Iran which now stands in danger of becom*ing another* Finland, neutralised and neutered. In strategic terms Iran's chief importance to the West is now more that it *should* be denied to the Russians than that it should be held for itself.

With the dropping of the hostages-related economic sanctions, Iran will again turn to the West to meet some of its large *food* import needs and to supply technology, industrial raw materials and capital goods. But the market will not in the foreseeable future reach the level it did under the Shah, when Iran was the West's biggest customer in the Middle East.

New supply patterns built up during the months of crisis, *residual anti-western* hostility among Iran's leaders, a shortage of cash and credit and the revolutionary ethic of *simplicity* and asceticism will all combine to keep down the opportunities for western businessmen.

Few people outside Iran, and perhaps a declining number inside, expect Khomeini's system to survive his demise. *Thus* the manoeuvring for the succession is already on in earnest. The release of the hostages *will only clear the decks* for the next round of the drama which began, innocuously enough, three years ago when an anonymous newspaper article, inspired by the Shah's Court, attacked a virtually forgotten religious leader in exile, Aya*tollah Khomeini.*

America's bitter lessons of a long crisis

By Jurek Martin, U.S. Editor

RONALD REAGAN might reflect today, as he is *sworn in as the 40th* President of the United States, that he has a lot for which to thank Jimmy Carter.

It is not just that Mr. Carter has almost certainly *enabled* his successor to assume office free of the practical problem of the continued detention of the hostages in Iran. It is more that in his handling of the ~~444~~-day saga, running the full gamut from good times to bad, from *mistakes to triumphs*. Mr. Carter has provided Mr. Reagan with lessons which he would be ill-advised to ignore.

The plight of the hostages *has cut deep into the American* psyche. It constituted the constant backdrop to the longest election campaign in American history. It enabled Mr. Carter to beat back the challenge of Senator Edward Kennedy for the Democratic Party *nomination*, yet in the end, as the failure to secure their release came to crystallise national discontent with the President, it contributed to his downfall last November.

National hopes and pride *have risen* and *fallen like the* tide, yet, unlike the tides, the surges were unpredictable. Mr. Carter's standing was at its peak last year immediately after the aborted rescue mission of April 25—confirmation, yet again, of any nation's inclina*tion to rally* behind its leader in times of trial. But the bubble of optimism preceding the November 4 election could not save him from landslide defeat.

It is tempting, but perhaps erroneous, to conclude that a President who had prided himself on his non-belligerence in international affairs was thrown out because he was not strong enough. Yet for all the frustration and rage that intermittently *has coursed through this coun*try in the last 15 months as Iran's theocratic leaders heaped public indignities on the most powerful nation on earth, the enduring lesson surely is of American patience.

This country did not retaliate *by ransacking the now aban*doned Iranian Embassy here: instead it tied yellow ribbons round the trees on Massachusetts Avenue and held candle-light vigils for the hostages on Sunday evenings. The national *response was, in spite of* all temptation, conditioned by rule of law, as Iran, consumed by its own internal revolution, never was. With the aborted rescue mission excepted, Mr. Carter, it seems fair to say, understood this better than most—and that, *history may judge*, was the greatest legacy left by his handling of the saga.

Another surely is that there are limitations to American power. Some of Mr. Reagan's supporters firmly believe that it was the threat of American *retribution* explicit in a Reagan presidency that induced Iran to settle and that the President-elect's recent comments about "barbarians" were designed to reinforce the menace.

But the internal dynamics of the Iranian revolution dictated the timing of a settlement. Iran came to terms for its own reasons, of which fear of Mr. Reagan was presumably but one. Mr. Carter found out that no logic, no pressure, could seep into the Iranian theocratic mind until it was ready.

Iran, it seemed, would have welcomed martyrdom, and the *regional* turmoil that might have ensued, had the U.S. resorted to force. Mr. Reagan may find that other nations culturally and politically light years removed from U.S. comprehension, will be equally obdurate and that there is little he can do about it. His public speeches over the years have conveyed a very different im*pression.*

Foreigners have argued, with some justification, that America permitted itself to be blinded by the hostages crisis, that it was slow to appreciate the greater dangers inherent in the Soviet invasion of nearby Afghanistan. Yet *this position fails to take* proper account of the extraordinary way in which the fate of the hostages became an intensely personal national problem. Fifty-two people came to matter more, in national eyes, than broader strategic considerations.

Mr. Reagan looks as if he will be free of *this constraint.* He can now try to resume some form of relationship with Iran that recognises its strategic importance. It is not easy to see how this will be done. But the process must take time, given all the water that has des*troyed the* bridges between the two countries.

Another bitter lesson is the need for better international consultation between the allies *in framing responses* to emergencies. This was patently lacking around the turn of last year, both in the wake of Iran and Afghanistan, in part because the U.S. failed fully to appreciate the complexity of the commercial contacts the West held with Iran.

But is is also true that America's friends now need to convince this country that, at the crunch, they will not cut and run for commercial gain.

In time, too, fresh consideration will have to be given to the security of American diplomats overseas. During the Carter presidency, the ambassador in Kabul was murdered and *embassies* in Pakistan and Tripoli sacked, and the Ambassador in Colombia held hostage *for two months. Stoutly, the* outgoing administration has resisted turning embassies into fortresses, recognising that practically there is little that can be done. Mr. Reagan seems to believe that if this country were "respected" more, such *incidents would not happen. His* contention is unproveable. Diplomats, it seems, are just the most vulnerable front line officers in troubled times.

Yet, in the final analysis, the last 15 months have been the story of 53 people, 52 hostages *and one President.* Mr. Carter came to office wanting to do so much. His achievements are substantial. As Vice-President Mondale put it on Sunday, "we obeyed the law, told the truth and kept the peace—and I'm proud of that." Yet Jimmy Carter was seen as a man who could not deliver. In the waning hours of his presidency, by dint of the same unstinting application that brought about the Camp David accords, he has almost come through.

MEN AND MATTERS

Man with cachet in the Bank

Sorting out the multi-billion dollar deal for the release of *the American hostages in Iran* is just the kind of international financial problem that Christopher "Kit" McMahon, Deputy Governor of the Bank of England and one of the Old Lady's two men in Algiers, tackles with relish.

The Australian-born former tutor in literature and economics gained a reputation during his *seven years as the Bank's* overseas director for charging round the world at the drop of an *exchange rate.*

In the rumour-ridden days of the 1976 sterling crisis when *Denis Healey turned back from* Heathrow, McMahon was one of those who held the fort at the International Monetary Fund's meeting in Manila, quietly calling together a group of British bankers to soothe the more jagged nerves.

Quite apart from his dash to Algiers, McMahon has not allowed his present job — which he took up last March — to keep him desk-bound. He is a member of the Group of 30 economists and bankers who regularly meet in the world's more exotic spots to consider possible changes in the international monetary system.

But the Bank of England's rules forbid him to be out of the country at the same time as the Governor, Gordon Richardson. When McMahon turned up in Washington for a weekend meeting last October while Richardson was there, he had to *shorten his visit to little more* than a day trip to get back to mind the shop in Threadneedle *Street.*

"Sound, Lights, Cameras. Action, Roll'em . . ."

Gold dust-up

A public letter and a private cash settlement have ended a row between South Africa's *Anglo American* Corporation and Brighton academic Merle Lipton. The wrangle was over a lengthy article on South African migrant labour written by Lipton and published in the November number of Optima, the Anglo house journal.

Gold *Fields of South Africa* was none too happy, it seems, with the points at which Lipton's research touched on its own operations. The result was *a publisher's statement* by Optima, preceding Lipton's piece and saying that there were "certain statements relating to Gold Fields of South Africa Limited and its associated companies in this edition, to which Gold Fields has taken exception on the grounds that *they* are untrue."

Optima's publishers followed these remarks with a three-point critique of Lipton's *article by GFSA, a critique* which they professed to "acknowledge and accept."

Lipton herself was in no mood to acknowledge or accept anything of the sort. She hastened to solicitor Michael Rubinstein, claiming "a slur on her professional reputation."

The result is a payment from Anglo more than sufficient to cover Lipton's legal costs, and an open letter from Optima's publishers, saying that they do not doubt Lipton's "integrity and *competence* as a researcher." Her study is, says Optima in a turn of phrase reminiscent of Sir Robert Mark, "a major contribution to social research."

The settlement is revealed in a letter issued by Rubinstein, *which concludes with a stiffly*-worded six-point commentary by Lipton on the GFSA statement. The three points made by GFSA do not, she says, support the allegation that she made "untrue statements" about them.

Which *seems, in turn, to have* cut little ice with the South *African* company. The state*ment is, said the voice from* Johannesburg yesterday, "not really worth any comment."

Irany

Though the home-coming reception for the hostages is not likely to lose its rapture, *the plans of International Gold* Bullion of Los Angeles to shower them with dollars have gone sadly awry.

With a fine blend of patriotic *fervour and enterprise, the com*pany two months ago issued a $30 silver coin to commemorate the seizure of the hostages. The coin, weighing one troy ounce, depicted a blind-folded prisoner on one side and the Ayatollah Khomeini and the late Shah on the other.

In flag-bedecked advertise*ments in newspapers* like the New York Times, IGB called on America to "let them know they are not forgotten" and announced that $5 from every coin sold would go to a fund to be distributed among the hostages on their release. "Our goal *is to sell 10m coins which will* raise $50m for the hostages," it said.

Company president William Alderdice reports ruefully that the issue has now been discontinued. "Only about 2,800 coins have been sold," he tells me. "I really thought there would be a great response to *the offer but there has been* very little interest."

Reflecting with bewilderment on the unpredictable taste of the American people, Alderdice is now counting his losses and shelving ideas of striking medals to mark the hostages' *release.*

Food for thought

How best to celebrate a birthday? Not unreasonably, King Khalid of Saudi Arabia decided on dinner at his local Grand Metropolitan hotel, in this case the Algosaibi Metropolitan in Alkhobar. Not exactly an intimate *diner à deux* however. For the monarch and his friends—900 of them, to be exact—set the kitchens an exacting task. The evening *led off with a selec*tion of Oriental dips. Followed by 450 lb of fresh Gulf prawns. Followed by 300 lb of local hammour fish. Followed by 100 whole braised sheep stuffed with rice, eggs, sultanas and herbs. And concluding with a huge *sponge gateau* iced in the green and white of the Saudi flag.

To cope with the main course—I am indebted to Caterer magazine *for the* technical details—chef Raafat Cherbini employed cooking pans four metres in diameter, each big enough to hold 16 sheep.

I shall try this one on at my local Berni Inn. With, perhaps, a glass or two of a suitable wine between sheep.

Grim truth

Overheard in a Kensington pub: "The landlord always looks that gloomy. The only time he ever laughs is when I try to cash a cheque."

Observer

Our Foreign Affairs Editor writes a letter to the new President on the day he takes office

Best wishes from Europe, Mr. Reagan




Dear Mr. Reagan

One thing you can say for Jimmy Carter is that his timing, from your point of view, could not have been bettered. He seems to have solved the hostage problem in his last days in office when it was far too late to do him any good except in the history books. Conversely, the hostage problem is almost certainly no longer in your hair, but events have moved with such speed that no one will expect you to have a fully articulated policy towards Iran in the post-hostage era. You have the maximum amount of time for thinking, and for saying nothing.

The rest of the world is counting on you to make the best use of this thinking time, and the experience of your transition suggests that you may do just that. Most Europeans tend to criticise the American constitutional arrangement of a two-month gap between election and inauguration, on the grounds that such a long period of suspended animation is fundamentally inappropriate for the leading Western power, and especially at a moment of unusual danger and difficulty in international affairs.

In retrospect, however, most Europeans may, on this occasion, be wrong. You have spent the intervening weeks since the election doing nothing and saying less, with the result that you enter office with much less of a hard-edge image than would have seemed plausible a year ago.

To be sure, already by election day you had added more than a trace of nuance to some of your one-liners, but since then the softening process appears to have continued, if one is to judge by the Senate testimony of some of your Cabinet nominees, such as Alexander Haig for the State Department and Caspar Weinberger for Defence.

We can be particularly glad that Mr. Haig seems to have developed a concern for the world's economic problems, and is not just worried about the throw-weight of Russian missiles.

Some would say this is what the transition period is for: to confront the incoming Administration with the complexities of reality, to enable it to make the switch from populist tub-thumping to serious policy-making, and in general to ensure that it behaves in practice much more like its predecessor than the voters could have expected when they cast their ballots. However that may be, there are a lot of Europeans who hope that you will ignore the conventional wisdom which says that a new Administration needs to make its mark in the enthusiastic surge of its first 100 days, and that instead you will use the next three months for careful appraisal, and above all for listening to your friends and allies abroad.

Of course, there are some electoral commitments which have not softened, and that's perfectly OK. You can earn plenty of kudos from your supporters by increasing the defence budget even faster than President Carter was planning to do, and you can gratify everyone by cutting taxes, even if the millennium of a balanced budget seems to have been postponed for a few years. But while the political and bureaucratic machines are grinding out the details of the extra defence programmes and the tax reductions, perhaps you should be devoting your attention in the first place to thinking about America's foreign policy. This would be particularly apposite in the wake of the release of the hostages, since one of the major inhibitions on the formulation of a sensible and balanced American policy towards the whole of the Middle East region has now been removed.

Opinions may and do differ on what such a policy should consist of, but it would be pretty common currency on this side of the Atlantic that the primary ingredients of such a policy should not consist of military concepts, such as basing arrangements and the provision of AWACs radar and communications aircraft, and that the release of the hostages does *not* require you to invent an instant new policy towards Iran. Fortunately, if paradoxically, the ongoing Iran-Iraq war may for some little time absolve you from the necessity of thinking up a new attitute towards Iran, though of course in general it makes everyone's life a lot more complicated.

Obviously your first priority must be to work out where you stand *vis-a-vis* the Soviet Union, and what kind of relationship you wish to establish with your allies in NATO. Under this broad heading, there have been some encouraging signs from your incoming team, but also one rather worrying element—the assertion by Caspar Weinberger that the new team will not be ready to take a position on the deadlocked Strategic Arms Limitation Treaty with the Soviet Union for at least six months.

One can see that giving a big push to extra defence spending *before* you start talking arms control with Moscow fits in with your rhetoric of making America strong, and that you don't want to repeat Jimmy Carter's mistake just four years ago, of trying to steamroller the Russians into making major changes in the treaty three months after inauguration day, and getting rebuffed for your pains. But isn't six months rather a long time to wait, considering that some of the elements in the SALT package will be coming up to their time limits, and that the modernisation of theatre nuclear weapons in Europe is closely linked, most strongly in the minds of some European Governments, with arms control negotiations, both at strategic and theatre levels? Such a long delay could be dangerous.

There is encouragement to be had on this side of the Atlantic, however, from the indications that the quarrel over defence spending between America and Europe, which most people expected to get worse as a consequence of Republican *machismo*, may in fact get better. Chancellor Schmidt, for one, must be sleeping easier over the vexed NATO commitment to increase defence spending by 3 per cent in real terms every year, since he learned that Weinberger does not believe in "these fixed percentages."

But West Germany is not the only European country which is having difficulty reconciling the need to sustain its real defence capability in the face of the growing Russian threat, with the other pressing need, to fight inflation and control government expenditure, in the face of that other threat, from the oil producers. Here in Britain, Francis Pym fought a valiant battle against the Treasury, but few people expect John Nott to be as single-minded.

This is not just a question of will—Mrs. Thatcher's determination to stand up to the Russians is a great as yours—but of conflicting realities in a very difficult world. You could do worse than institute a hard-nosed joint review of NATO's defence capabilities, not just in terms of the kind of effort that *ought* to be undertaken, but also in terms of the underlying constraints on defence spending and the economic and political resources that are in practice likely to be available.

For a start, you could consider whether there is any chance, in the interest of the alliance, of turning the notion of a two-way street in arms manufacture from an empty piety into a functioning reality. But in general the worst possible scenario, from NATO's point of view, would be a heroic British defence effort which carried on to breaking point, and then had to be abruptly revised downwards in yet another of those familiar defence "reviews," with all the dislocation, instability and mutual recrimination that would follow.

The other sign of encouragement comes from the general tone of Alexander Haig's Senate testimony, implying that he at least looks to America's allies to make an intimate contribution to the articulation of American foreign policy in the years ahead. This could, of course, be the usual flim-flam, the traditional euphemism for telling the Allies to get smartly into line, or else. But that isn't the way it reads, and we can only hope that he isn't talking out of turn.

For it is rather surprising to learn that an American general, and a Republican to boot, thinks that these are the fundamental world problems facing the new Administration:

"1—The management of Soviet power;

"2—The re-establishment of an orderly international economic climate;

"3—The economic and political maturation of developing nations to the benefit of their peoples; and

"4—The achievement of a reasonable standard of international civility."

What makes this list particularly striking is the inclusion of items 2 and 3, and his subsequent comment that "an intensive level of conversations" must be undertaken with Europe and Japan to develop a "consensus" on dealing with threats to oil supplies. Over here it is a commonplace, though not yet as commonplace as it should be, that the extremely depressing outlook for the world economy as far as the eye can see may well be the most dangerous feature on the international horizon. But until Haig spoke, it sometimes seemed as if Reaganite philosophy consigned economics to the market-place, and foreign policy increasingly to the Department of Defence.

If the new Administration really does give a very high priority to doing something constructive about the international economic environment, that of necessity implies joint policy-making and joint action by America and its allies, because this is not an area where America can act alone. And if you look at the scale of the problem raised, for example, by the financing of the OPEC surpluses, you will recognise that this whole network of issues is too urgent to be left on a back burner.

P.S. Try not to be too beastly to the Germans about their trade with the Russians, and restrain references to "self-Finlandisation." When the recent gas deal is fully operative, Germany will be dependent on the Soviet Union for about 5 per cent of its primary energy. But already the Western world is dependent on Saudi Arabia for 10 per cent of its primary energy. Which source do you think is likely to prove more dependable?

Ian Davidson

Letters to the Editor

Employing the unemployed

From Mr. J. Bright

Sir,—Mr., Samuel Brittan's article (January 15) will promote discussion but there is urgent need of further action leading to fuller employment.

Employment at zero cost to the state is unlikely to attract masses of unemployed receiving state benefit. Since unemployment costs the state an average of £5,236 per annum for a single unemployed man from which he receives about £1,837 in benefits, he is unlikely to accept employment at £1,500 per annum. Similarly the average married man with benefits of £2,957 for doing nothing is unlikely to do a year's work for £3,000. Therefore the state cannot expect acceptance of special employment schemes at wage rates anywhere near zero cost but should be able to negotiate rates at considerably less than £6,006 per annum which Mr. Brittan quotes as the average cost to the state for a married man with two children.

I suggest annual wage rates for special employment schemes should be around £4,000 for semi-skilled able married men thus saving the state £2,000 per man per annum.

In the public sector much useful work could be done in housing, roads, transport, quarrying, forestry, mining, etc. If extended to the private sector, plenty of premises and unused equipment are available due to the poor state of trade.

Only registered unemployed should be eligible for periods of six to twelve months. Every step would have to be agreed with the TUC which already believes government policy is resulting in increased unemployment and industrial decline.

I believe unemployment is minimised by high productivity, high quality, reliability of service and competitive prices. These features have been absent in this country for many years, and their absence has resulted in industrial decline and high unemployment.

J. H. V. Bright.
105 Eastcote Road,
Pinner, Middlesex

Tourism in Naples

From the Chief Executive Association of British Travel Agents

Sir,—Your diarist has misunderstood the reasons why the Association of British Travel Agents sent an inspector to the Neapolitan coast of Italy last week and why on his return he made the statement referred to in Men and Matters on January 15.

The many hundred thousands of British people intending to visit the holiday resorts along the Neapolitan coast this year need to know whether hotels and services are working normally. We are now able to reassure them that their holidays can go ahead as planned.

ABTA and the British travel industry have already given substantial financial and practical assistance to the region devastated by the earthquake, but for British tourists what better way to help now than to take a holiday on the Naples coast—which, unlike the mountain areas, is virtually undamaged by the earthquake—and give a much needed boost to the local economy.

It would be a second tragedy for the people of the region if a decline in tourism dealt its economy a further blow.

Michael Elton,
55-57, Newman Street, W1.

Local authority grants

From the Chairman, South Cambridgeshire District Council

Sir,—In introducing the new grant system from April 1, the Government claimed it would penalise overspending authorities and provide additional funds to those councils who have complied with repeated exhortations for cuts and yet more cuts in local government expenditure.

Your readers should, I think, know that for some authorities, and South Cambridgeshire in particular, the effect is quite the opposite. Since 1974 we have managed to provide our ratepayers with a reasonable standard of service while limiting the district rate levied to figures ranging from 8.25p in the £ (1975-76) down to 4p in the £ (1979-80). We have, therefore, consistently been in the category of low-spenders—one of the lowest in the country in fact—and, if the Government's aims had been realised, ought surely to have been rewarded, or at worst not penalised, for financial prudence.

Imagine our disappointment, therefore, when calculations undertaken on the basis of the Government's new system show that there will be an actual reduction in the grant for this district equivalent to a rate of about 1.6p in the £ and accompanied by changes whereby the full cost of rate collection; locally borne rate rebates; and relief to the disabled, falls on this district council rather than being apportioned to all precepting authorities, including the county and parish councils in proportion to the rates levied on their behalf.

This further impost will add another 2p to the district rate which, quite apart from the effects of continuing inflation will have to be increased to about 9½p in the £. Government "assistance" therefore produces a rate increase of nearly 60 per cent in the rate demand of the district council and members of the authority are, not unnaturally, very angry that their most successful attempts to economise have been rewarded in this way.

(Councillor) J. J. Brown.
Great Eastern House,
Tenison Road,
Cambridge.

One voice for Lloyd's

From Mr. B. Payne

Sir,—I write as a private individual and as a member of Lloyd's to express views, which are personal only, concerning the establishment of an association of external members.

That insurance is based on utmost good faith is not an outdated concept of morality—it is a truth even if it is strained in our present world. In the case of Lloyd's one aspect of this truth is its application as between members (internal and external) and their agents and their underwriters.

If the required degree of trust and confidence does not exist then the relationship should be ended. The member is free to change agents, change underwriters or resign membership.

It is made absolutely clear to all prospective members that their liability is unlimited; they have extensive discussions with their agents; they meet the underwriters whose syndicates they will join; they are given full facts and figures and at all stages they have opportunities to ask questions. Becoming a member, by the nature of the procedures, takes a long time. If, after all this, the prospective member does not feel at ease, he or she should not join.

One of the great strengths of Lloyd's is its ability to innovate and be flexible and this has contributed to putting it in the forefront of insurance markets throughout the world. To innovate and be flexible the underwriter must have his freedom and must not be constrained by bureaucracy. At the end of each underwriting year, all syndicates are subject to stringent audits and at that stage, some syndicates are occasionally found to be in a disastrous situation. So be it. We all, as members of Lloyd's, know that this can happen. We should accept it. If we do not like it when it happens there are various courses open to us including resignation.

It is not reasonable for external members to look for good profits when things are gong well and sue when things are going badly. There is no commercial enterprise which is that easy.

At the Albert Hall meeting one of the justifications for the formation of the association of external members was on the lines that there were other sectional associations and there should therefore, similarly, be an association to represent the interests of external members. This view demonstrated the ignorance by the members of the other associations—indeed a surprising general ignorance was displayed by some external members—which are constructive whereas the proposed association seems bent on establishing an "us" association in opposition to "them."

B. V. Payne,
191, Forest Road,
Tunbridge Wells, Kent.

Israel's need for security

From the Archdeacon of Oxford.

Sir. — In the main I agreed with your first leader on Israel's need for security (January 5) although I have several reservations. Recent events in the Middle East suggest some movement in what had seemed a sterile situation. Now that we are within a matter of hours of Mr. Reagan's inauguration as the new U.S. President and, later this year, a change in the Israeli Government, it is expedient not to complicate affairs any further by pressing that the European Community should share in the peacemaking process associated with Camp David and the Egyptian and Israeli leaders.

Let every attempt be made, even at this late stage, to persuade King Hussein of Jordan to join in the negotiations. Certainly "political and diplomatic efforts" are to be preferred to "a military build-up," and undeniably Israel's security needs are paramount. But I seriously question whether the point has yet been reached at which "Arab régimes . . . would in the majority be willing to recognise Israel in return for withdrawal from the occupied territories." Moreover, I doubt if there is any need to "provide the Arab world with a boost to its self-confidence."

C. Witton-Davies.
Archdeacon's Lodgings,
Christ Church, Oxford.

Measuring unit trusts

From Mr. D. Girmes

Sir,—Reliable performance measurement techniques for unit trusts have become an administrative necessity as today there is a possible choice among hundreds of UK authorised unit trusts and also UK unitised life fnds. Modern portfolio theory, in particular Beta Analysis provides the basis for one such technique. Here return and risk are evaluated simultaneously.

The return of a unit trust is measured as excess return compared with a short term fixed interest financial instrument, while risks is measured by comparison with a broad market index. The choice of the market index is of particular importance. It is not acceptable to say that two relatively highly correlated indices are an equally good basis for performance measurements. As the by now very large literature on index matching has shown, in spite of their high correlation, these indices might undergo quite different movements during certain phases. I assume that the results obtained by Mr. Peter Moles, as discussed in your article "Put to the Beta test," by Mr. Tim Dickson (January 10), were based on the Financial Times Actuaries All Share Index.

This raises the additional question whether the use of just one index is sufficient for the risk evaluation of unit trusts which can come under such different headings as income, growth, financial, commodity, international, U.S.A., Far East, gilt edged, etc. Surely, unit trusts with a special emphasis on U.S.A., Far East, or international should be compared with the broad market indices appropriate (and available) for these markets. This, in fact, would put switching and timing within the universe of unit trusts on a rational basis.

One could and should also go one step further and develop special indices for groups of unit trust sectors which are homogeneous within themselves. This would mean following the lead which was given by the construction of FT-Actuaries Share Indices for equity groups and sub-sections, since the early 1960s.

The use of a wider range of indices would also shed light on the existence of the many very small Beta values observed by Mr. Moles. These are mainly due to the small correlation between the corresponding unit trusts and the FT-All Share Index. It would also help to rationalise decisions by the investor to buy units in more than one group in order to diversify his risk.

D. H. Girmes,
Department of Statistical Science,
University College,
Gower Street, WC1.

Today's Events

GENERAL

UK: Mr. Christopher Tugendhat, European Commissioner, gives keynote address at London Chamber of Commerce overseas trade sections' annual meeting.

Mr. Norman St. John Stevas presents Granada TV "What the Papers Say" awards, Savoy Hotel, London.

British Steel Corporation meets unions to discuss pay claim, London.

Overseas: Mr. Ronald Reagan is inaugurated as 40th President of the United States, Washington.

EEC Foreign Affairs Council meets in Brussels.

Court decision on British request to extradite IRA suspect.

OFFICIAL STATISTICS

Cyclical indicators for the UK economy for December.

PARLIAMENTARY BUSINESS

House of Commons: European Assembly Elections Bill, remaining stages. Water Bill, second reading.

House of Lords: Judgments Enforcement (Northern Ireland) Order 1981. Judgments Enforcement (Northern Ireland Consequential Amendment) Orders 1981. Elections (Welsh Forms) (No 2) Regulations 1980. Contempt of Court Bill, committee stage.

Select Committee: Parliamentary Commissioner for Administration, on Non-Departmental Public Bodies. Witness: Sir Lee Pliatzky. Room 5, 5 pm.

COMPANY MEETINGS

Bridport Gundry, The Court, Bridport, Dorset, 12. Higsons Brewery, Adelphi Hotel, Lime Street, Liverpool, 12. Leeds and District Dyers and Finishers, The Post House, Bramhope, Leeds, 12.

COMPANY RESULTS

Final dividends: Bootham Engineers. Countryside Properties. Leda Investment Trust. Trident Television. **Interim dividends:** Group Investors. Palmerston Investment Trust. Property Security Investment Trust. Wellman Engineering Corp. **Interim figures:** Avenue Close.

LUNCHTIME MUSIC, London

Promenade Concert — Mozart, Hummel, Dvorak—BBC Concert Orchestra, Guildhall, 12.15 pm.

Piano recital — Beethoven, Liszt—by David Green, City Music Society, Bishopsgate Hall, 1.05 pm.

Organ recital by Margaret Phillips, St. Lawrence Jewry, Gresham Street, 1 pm.

UK COMPANY NEWS

Peerless midway profit halved to £901,000

TAXABLE profits of Peerless, plastics, electro-mechanical, kitchen furniture concern, more than halved from £1.92m to £901,000 for the half year ended September 30, 1980, on turnover just behind at £14.5m against £14.86m.

Mr. William S. Jordan, chairman, explains that trading conditions continued to deteriorate, affecting margins, and coupled with higher interest rates—*charge for the period* was up from £195,000 to £376,000—resulted in the pre-tax downturn.

All *prudent steps have been* taken to minimise the effects of the recession on group companies, he states, while keeping them in a position to take advantage of an upturn in demand when it appears.

"This upturn does not appear likely in the current half year," he says.

The interim dividend is 2.1p (1p) net per 25p share—last year's final was omitted: pre-tax *profits totalled £3.53m.*

Profits for the six months were struck after higher associates share of losses of £69,000 (£26,000) and, last time, share of losses of the discontinued activity, £72,000.

After tax of £200,000 against £410,000, an extraordinary debit of *£81,000* previously, and dividends amounting to £271,000 (£129,000), the balance retained emerged at £430,000 (£1.3m).

Earnings per share are shown as 5.4p (11.7p) before extraordinary items—after these items they were 11p in 1979.

● comment

Peerless has had an embarrassing time since coming to market last May by way of an offer for sale by the two founding families of one quarter of the equity. Within three months of the £3.18m issue, this manufacturer of plastic and metal products put 150 employees on *short-time working* and warned that profit in the current year to March 31, 1981 would be lower than last year's £3.8m. The shares slumped from the 100p issue price to a 69p low but have since recovered to 81p. Profits at the interim stage are less than half last year's figure and the chairman holds out no prospect of improvement in the second half, even after an expected reduction in borrowings. That leaves the shares sustained mainly by the assurance that the forecast dividend of 6.3p for the year will be paid even though it could be only barely covered on a fully-taxed historic cost basis. *The prospective yield* is 11.4 per cent.

HIGHLIGHTS

Lex looks briefly at international financial markets in the light of the settlements made for the return of the U.S. hostages from Iran. Then Lex moves on to deal with four other topics. **Alexanders Discount** has announced a recovery from the 1979 loss position and the total dividend is slightly increased. The industrial and commercial company sector was in a financial deficit during the third quarter of 1980 though only to a modest extent. There is more criticism of the Inland Revenue's stock relief proposals, this time from the 100 group of top financial directors. Finally Lex considers the sale by **Dresdner Bank** of a 10 per cent stake in **Metallgesellschaft** to the **Kuwait Petroleum Institute**

Alexanders Discount £1.25m in the black

AFTER rebate and tax, and a transfer to contingencies, **Alexanders Discount Company** turned in a profit of £1.25m for 1980, compared with a £250,000 loss after transfers from contingency and general reserves last time.

The final dividend, however, is unchanged at 11.5p for a 17p (16p) net total per share, but the *directors explain they are* having regard to the need to maintain a firm base

In their interim statement the *directors said* that trading, which had been profitable during the first six months, continued to be profitable since June 30.

The balance sheet total at the year end was £441m (£468m), which included an unusually large amount of short-dated Treasury Bills bought on December 31.

The holding of other bills was down slightly at £251m (£296m) but Sterling CDs were £36m *(£8m).*

The total of bills under rediscount was £283m (£520m) as a result of the reduction in general market activity in bills over the year. The holding of Gilts was £7m (£19m) and Local Authority Securities, all of the variable rate type, were £50m (£47m).

Lex, Back Page

Restmor falls to £0.6m but maintains interim

TURNOVER and profits of **Restmor Group**, baby carriages and nursery furniture manufacturer, *have fallen for the half* year ended October 31, 1980, the downturn in consumer spending having affected demand which led to *overall profit margins* being reduced.

Sales for the six months slipped from £6.21m to £5.84m and the *taxable surplus* was £604,819, compared with £750,321.

After tax, much higher at *£241,323 against* £110,781, earnings per share are shown as 7.05p (12.4p) but the interim dividend is maintained at 0.5p *net—last year's final payment* was 3.5p paid from pre-tax profits of £1.55m (£1.21m).

The directors consider results to be reasonable in view of the UK economic situation.

● comment

Restmor Group sells something like half its output (mostly prams and nursery furniture) to Mothercare, whose sales-volume was down about 8 per cent in *the half-year to the end of September.* It is no great surprise that Restmor is showing the effects of that decline in its figures for the six months ending last October. Margins have been shaved in the attempt to sustain volume, but even so, sales are 6 per cent lower. Pre-tax profits have consequently suffered rather more, falling almost 20 per cent. There is some sign that the flow of orders is increasing, but not that customers are beginning to rebuild stocks or place forward orders. If conditions become no more difficult, Restmor might make £1.25m before tax in the full year, which would still cover a maintained total dividend over five times. The shares had come back 24 per cent from their high point last year of 98p reflecting suspicion that Restmor's consistent growth record would now be checked. Yesterday they recovered 1p to 75p, where the prospective fully-taxed multiple is 6.3 and the yield 7.7 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alexanders Discount	...	11.5	March 4	11.5	17	16
Caledonian Cinemas	int.	2	Feb. 6	2	—	7
Cray Electronics ...	int.	0.63†	April 10	0.57	—	2
Estates Prop. In. Co.	int.	2.75	April 2	2.5	—	6.25
Great Northern Invest.	.	4.6	March 19	3.9	6.6	6.0¶
G.T. *Japan* Inv. Tst.	int.	0.5	March 6	1.0	—	4.0
Howard Shuttering .	int.	0.8	March 2	0.8	—	2
Meggitt Holdings	....	0.42	April 1	0.42	0.84	0.84
Peerless	int.	2.1	March 5	1	—	1
Restmor Group	int.	0.5	March 13	0.5	—	4
David S. Smith	int.	2.5	Feb. 27	2.5	—	7
Westpool Invest. ...	int.	0.45	March 6	—	—§	—‡

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ No true comparison available. § Final not less than 0.7p forecast on enlarged capital. ¶ Includes non-recurring 0.6p.

Howard Shuttering just ahead

PRE-TAX profits of **Howard Shuttering (Holdings)** were little changed at £302,649 for the six months to October 31, 1980. In the corresponding period last year the figure was £301,542. Turnover in the first half rose from £1.8m to £2.63m.

After tax marginally higher at £157,481 (£156,802), stated earnings per 10p share are unchanged at 2.9p, and the net dividend is 0.8p (same) — last year the total was 2p from pre-tax profits of £582,505. Dividends *absorb* £39,682 (£25,582).

A total of £105,686 (£119,158) has been added to retained *earnings.* Tangible assets per share are shown as 28.4p (24.3p).

Estimate of 70m votes for Fraser

House of Fraser, the Harrods stores group, is estimated to have received around 70m votes supporting it in its fight against Lonrho, the group's largest shareholder.

Lonrho needs 51 per cent of the votes cast to support *it in its* resolution blocking House of Fraser's plan for a £29m sale and leaseback of its D. H. Evans *department store,* Oxford Street.

The resolution is to be put to shareholders at an extraordinary general meeting, requested by Lonrho, in Glasgow today.

Lonrho holds 45m shares in Fraser, representing 29.99 per cent of the total equity. It is expected to pick up another 10m shares from uncommitted shareholders.

But abstentions could swing the balance. Although on current *projections, with 120m shares* expected to be voted out of a total of around 150m shares in issue, Fraser look set to win against Lonrho.

If Lonrho loses today it may decide to sell its stake in the Fraser group.

Finance and leasing costs are a burden for Lloyds & Scottish

THE burden of a 35 per cent rise in cost of money during 1979-80 on the profits from **Lloyds and Scottish'** instalment credit and leasing business is only too clear from the detailed breakdown in the accounts for the year to September 30.

Published yesterday, they show that profits from finance and leasing plunged from £18.3m to £10m. Credit factoring, as a result largely of the consolidation of the acquisition of James Talcott Factors Inc in the U.S., rose from £2.9m to £4.4m. Distribution and retailing profits *also rose from £1.4m* to £2.6m. Profits from associates were stable at £5m.

The support provided to group *profits from the non-consumer* credit and finance businesses and the need to deepen that support by developing "a broader range of activities," is underlined by Mr. George Duncan, the chairman, in a special letter to shareholders accompanying the accounts.

This sets out Lloyds and Scottish intentions in its proposed £106m bid for United Dominions Trust, another finance house with diverse financial services, motor distribution and rental, and engineering interests. L and S's intention to bid for UDT was announced last week and Mr. Duncan says that there is "no reason to think that the Secretary of State for Trade would refer the proposal to the Monopolies and Mergers Commission."

The balance sheet reveals that net borrowings rose by £136m to £708.9m, but with shareholders' funds also increased from £92.5m to £112.5m the debt to equity ratio *has risen only marginally* to 6.3.

Mr. Duncan also makes the point in his chairman's statement *that this ratio would drop to* four times if no provision had been made for the £64m of deferred taxation arising from the *group's leasing activities.*

The consumer finance division as a whole performed well increasing its total level of activity. *Cedar Holding, the personal* loan business acquired in January, 1979 also grew sharply.

Leasing volume in car business fell short of the previous year's record, but demand for plant leasing remained buoyant and the total written down value of leased assets amounted to £151m.

Total instalment debtors, factored debts and leased assets rose by 24 per cent to £194m.

Strong growth was also seen at Alex Lawrie Factors where profits rose by 50 per cent on turnover of £250m.

Current cost accounting profits amounted to £10m after a gearing adjustment of £7.7m, but after tax of £8.8m and extraordinary items of £100,000 the dividend cost of £6.4m is uncovered by attributable CCA profits of £1.2m.

Mr. Duncan notes that this reveals the anomaly of providing for tax on an historical cost basis "which gives no relief for the effect of inflation on monetary assets."

UDT LOOKS AT BID

In considering the £106m bid approach by **Lloyds and Scottish** the board of **United Dominions Trust** is also considering the proposals put forward in August in conjunction with the Trustee Savings group, Mr. L. C. Mather, the UDT chairman, tells shareholders in a letter.

As reported on Saturday the surprise bid by Lloyds and Scottish is intended to pre-empt the negotiations for the TSB to take over 75 per cent of UDTs consumer finance business

Meggitt £40,489 in the red

THE FALL in profits midyear from £152,000 to £90,000 seen by **Meggitt Holdings** continued in the second six months, resulting in the company incurring a loss before tax of £40,489 for the year to October 31, 1980, compared with a surplus of £403,795. Sales for the period showed a drop from £8.26m to £7.21m.

However, after a tax credit this time of £64,302 (£37,468 charge) there was a surplus of *£23,813 (£366,327). SSAP 15 has* been adopted and comparisons restated.

The dividend is being main*tained at 0.84p net with a same-*again final of 0.42p.

Stated earnings per 5p share were lower at 2.9p (8.8p).

The net profit was struck after deducting extraordinary items of £99,813, which represented factory closure costs.

In his interim statement the chairman said that in the first half year the group had experienced a three months strike in the steel industry, high inflation, record interest rates, a high exchange rate and a rapidly deepening recession in its industry.

The group, based in Bournemouth, is a machine tool distributor.

Cray Electronics rises to £0.35m

AN INCREASE of £121,000 to £345,000 in pre-tax profits is reported by **Cray Electronics** for the six months to October 31, 1980. Turnover of the company, which has interests in precision engineering, specialist pumps, sheet metal work, electrical and electronic equipment, climbed from £5.85m to £9.8m.

Mr. Brian Solomon, the chairman, says the rise in sales reflects in part the incidence of contract completions, the doubl*ing of production capacity at* J. and S. Marine, and the increase in the company's activities as prime contractor.

He adds, however, that while the company continues to enjoy encouraging demand for many of its products and services, the effects of the continuing recession cannot be ignored.

After tax up from £116,000 to £179,000, stated earnings per 10p share are 1.09p (1.49p) and the net *interim dividend is raised* from 0.57p to 0.63p—last year's total was 2p from pre-tax profits of £875,000 (£730,000).

Profit attributable was £166,000 (£525,000)—there was an extraordinary credit last time amounting to £417,000.

Cray Electronics is a subsidiary of the Throgmorton Trust through Capital for Industry.

● comment

The interim figures from Cray Electronics make vivid reading; turnover has risen by nearly 70 per cent and pre-tax profits by over half. The company explains that some part of these increases has resulted from a number of contracts being completed at the same time; the underlying rate of growth, shown by the use being made of the expanded capacity at J. & S. *Marine, is rather less sensational.* All the same, it would be reasonable to look for something better for the year than the interim *dividend's 10.5 per cent increase.* The shares moved ahead 6p yesterday to 82p. If profits' growth turns out at 20 per cent for the year, the prospective fully taxed p/e is 17.9. The yield, even assuming that the final increases by the same proportion as the interim, is a modest 3.9 per cent; but the rating reflects high earnings growth expectations.

Western Board higher for first six months

TAXABLE profits of **Western Board Mills** went ahead from £655,000 to £758,000 for the half year to September 30, 1980, after including a surplus of *£116,000 relating to the sale of* investments.

The directors say there has been a further reduction in activity in the second half, necessitating some short time working, and that full-year profits are therefore unlikely to exceed the 1979/80 figure of £1.4m (£1.2m).

The interim dividend is maintained at 1.7p net—last year a final of 3.6p was paid.

Turnover of the group, which manufactures fibre board from waste paper and is ultimately owned by Legov (Jersey), was static at £1.8m in the first half. *Tax took £369,000 (£340,000).*

After an extraordinary credit of £75,000 (nil) relating to the sale of leasehold premises, the *attributable surplus* came through at £454,000 (£315,000).

Westpool has declared an *interim dividend of 0.45p and* the Board expects to recommend a final dividend, on the increased ordinary capital, of at least 0.70p. This, excluding December's special dividend, would make a total equivalent to 1p on the adjusted capital.

Revenue available for ordinary shareholders during the half-year was nearly £692,000; earnings per share (prior to the recent scrip issue) were 0.92p.

Hales Props.

Increased pre-tax profits have been announced by *Birmingham*-based **Hales Properties** for the half year to September 30, 1980.

The figure is up from £190,005 *to £234,762.* Sales and rental income also rose from £370,670 to £543,390 and from £161,892 to £192,178 respectively. Tax took £140,277 against £98,803

Earnings per 25p share edged ahead from 4.8p to 5p. The net interim stays the same at 1p—last year's final was 2.5p on £351,823 pre-tax profits.

Half-yearly interest charge rose from £27,042 to £49,514.

SPAIN

January 16	Price %	+ or −
Banco Bilbao	258	+1
Banco Central	296	
Banco Exterior	244	+4
Banco Hispano	247	
Banco Ind. Cat.	121	
Banco Madrid	141	
Banco Santander	301	
Banco Urquijo	150	
Banco Vizcaya	275	+2
Banco Zaragoza	212	
Dregados	90	−1
Espanola Zinc	46	
Fecsa	57.7	+0.7
Gal. Preciados	25	
Hidrola	65.7	+0.2
Iberduero	58	−0.2
Petroleos	86	−0.7
Petroliber	78	
Sogefisa	102	
Telefonica	63.5	
Union Elect.	62.2	+1.5

New business expansion by Cannon

Another year of steadily improving new business is reported for 1980 by **Cannon Assurance**, a part of the Canadian based conglomerate Cascade Group.

New annual premiums jumped by 42 per cent from £2.4m to £3.4m, with the new linked whole life policy Optima doing well in its first year with premiums in *excess of £500,000. The High* Allocation Plan also did well—premiums rising to £800,000, against £500,000.

Single premium business also did well last year, up almost 50 per cent from £4.6m to £6.8m. Much of this growth came from sales of £1.5m guaranteed income bonds, though the company did not participate in the high-yield short-term income bond rush ahead of the Budget.

*New sums assured were one-*third higher at £183m.

Westpool Inv.

Westpool Investment Trust had total net assets of £130.4m at the end of its half-year to October 31, 1980, of which £113.4m was represented by the controlling stake in London Merchant Securities which it took last summer. Because of this change in its structure, no comparative figures are available.

Assets applicable to ordinary capital amounted to £129.17m and net asset value per ordinary share was 171.3p.

UK COMPANY NEWS

Westland sales unlikely to rise in real terms

TOTAL GROUP sales of Westland Aircraft are not expected to show an increase in real terms in the current year, warns Lord Aldington, the chairman, in his annual statement.

The order book in most parts of the group is strong on the basis of past experience, but there are gaps in the work load in some factories from the end of 1980, which Westland is striving to fill by taking on sub-contracts from outside, he explains.

As known, sales for the year ended September 30, 1980 rose to £244.3m (£198.2m) — an increase in real terms of about 5 per cent. But the chairman warns: "we shall have to fight hard to achieve similar increases in the next few years."

Historical pre-tax profits jumped from £15.27m to £26.93m over 1979-80, partly attributable to higher sales and also to improved margins generally, due to better efficiency, and to interest received.

On a Current Cost basis, taxable profits were £14.4m (£6.4m). Lord Aldington says such a sharp rise in the future from improvements in efficiency is unlikely to recur, although some increase is expected. "We must look more to increases in sales in future years," he states.

The main burden on group results for 1980-81 and 1981-82 seems likely to be the cost of developing new products, added to other private venture expenditure, all vital to its longer term future. It has therefore been decided to increase the development reserve to £14m, by taking £11m from retained profits.

The chairman expects the rate of the group's private venture research and development expenditure (£5.1m in 1979-80) to double in the current year, and to double again in the next few years.

The preparation of the base for the future, with research and development and capital equipment spending will need substantial funds, he states.

Capital expenditure during the year was £6.9m, almost double normal depreciation and £0.7m more than the higher CCA depreciation. Lord Aldington comments that this expenditure must be expected to continue to grow.

The group's cash position remains comfortable.

At balance date, short term deposits and cash totalled £24.1m (£16.2m). Bank overdrafts and loans repayable within one year increased from £1.73m to £1.94m, while long term borrowing was down at £7.07m (£7.75m). Shareholders' funds rose from £68.4m to £101.1m.

The accounts show that last year the group made a contract termination payment of £58,000.

Meeting, Hyde Park Hotel, SW, February 11, noon.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Amber Day, Group Investors, Palmerston Investment Trust, Property Security Investment Trust, Wellman Engineering.

Finals—Bootham Engineers, Countryside Properties, Leda Investment Trust, Trident Television.

FUTURE DATES

Interims—

Cook (William) (Sheffield) ... Feb. 12
Wholesale Fittings ... Jan. 30

Finals—

Fife Forge ... Mar. 25
Glenfield Lawrence ... Jan. 22
Henlys ... Jan. 22
Olympia (Redacre) ... Jan. 23
Piccadilly Theatre ... Jan. 23

David Smith warns of downturn

TAXABLE PROFITS of David S. Smith, maker of photolitho printed packaging material, climbed from £686,000 to £864,000 for the six months to October 31, 1980, but the Board warns that with the uncertainties that still lie ahead, it is anticipated that the full year figure will be somewhat below the previous year's £1.58m.

Production was maintained at a satisfactory level during the first half, but depressed trading conditions have affected sales in the second six months and profits are under pressure, the Board states.

Half-year sales improved from £4.13m to £4.25m, while trading profits were up £109,000 to £800,000. Depreciation took £52,000 (£58,000), but interest receivable increased from £53,000 to £116,000.

After tax of £449,000 (£357,000) earnings per 20p share rose from 6.1p to 7.7p. The interim dividend is maintained at 2.5p net, costing £135,000 (same)—last year's total was 7p.

Grant Bros. draws close to £200,000 loss

With the pre-tax loss increased from £36,289 to £193,088, Surrey departmental stores company Grant Bros. has passed its interim dividend for the 27 weeks to August 2, 1980. Last time, the interim paid on the 25p shares was 1.52p.

Turnover this time was £4,889,996 (£4,236,995 for 26 weeks), including VAT of £364,762 (£224,802) and leased department sales of £1,068,557 (£889,001). The credits were £88,400 (£18,490). Extraordinary debits amounted to £6,076 (credits £3,082).

Extraordinary items represent the costs of closing down bakery and retail outlets of subsidiary W. E. Wilson (Croydon), less attributable tax relief (profit on sale of a property, less attributable tax).

Loss per share rose from 1.91p to 8.61p.

OIL AND GAS NEWS

Rundle twins new oil-shale joint venture at Nagoorin

AUSTRALIA'S Central Pacific Minerals and Southern Pacific Petroleum—the Rundle twins—have agreed a joint venture with Mining Houses of Australia (MHA) in respect of the southern portion of the Nagoorin Basin oil-shale prospect.

CPM and SPP are already involved in a joint venture in the northern sector of the Nagoorin area with Esperance Minerals and Greenvale Mining. CPM and SPP will earn initial interests of 26 per cent apiece—with MHA holding the remaining 48 per cent—by carrying out a drilling programme at their expense.

The twins will aim to establish oil-shale reserves and, if necessary, carry out a feasibility study from which commercial development can be pursued.

If the feasibility study is given the go-ahead the CPM and SPP interests will rise to 30 per cent apiece. The twins will finance the study.

If reserves of more than 1.5m barrels of shale-oil are established MHA will receive options on shares in both CPM and SPP. SPP will be operator of the joint venture.

* * *

The eagerly awaited progress report from the Woodada No. 3 well being drilled on the Woodada structure in the Perth Basin of Western Australia came as an anti-climax yesterday.

Strong rumours of a possible oil discovery in the well continued to circulate on Australian and London markets but shares of the participants fell back following the report which stated that first results from the zones of interest should be known in a day or so.

Strata Oil has a 26.95 per cent interest in the Woodada programme. Hughes and Hughes of Texas, 65 per cent, Hampton Trust 3.5 per cent and Mincorp 1 per cent.

The share markets had anticipated that news of an oil find—rumours suggested the well had flowed on test at rates ranging from 2,000 barrels of oil a day to 10,000 barrels a day—would be released yesterday.

However, the report said the well has been cased and that the casing had been perforated prior to testing.

During drilling of the well, which has reached target depth of 2,540 metres, the participants announced high gas readings and traces of oil in heavily gas-cut mud. The two previous Woodada wells flowed gas in excess of 32m cubic feet a day.

* * *

A further two gas flows have been recovered in the Marabooka No. 1 well below in the South Australian sector of the Cooper Basin.

The original discovery at Marabooka No. 1 flowed at a rate of 7m cubic feet a day (cfpd) from the interval 4,762 to 4,819 ft in the upper jurassic sands. Traces of oil were also encountered.

The latest gas flows, which occurred in the permian zone were 6.9m cfpd over the interval 6,353 to 6,392 ft and 8.4m cfpd over the interval 6,412 to 6,454 ft.

The well has a target depth of 7,150 ft and is currently at a depth of 6,502 ft. Marabooka No. 1 is located the Della gas field and the Strzelecki oil discoveries.

Interests in the Marabooka well are Santos, 35 per cent, Delhi Petroleum, 21 per cent, Vamgas, 7 per cent, South Australian Oil and Gas, 7 per cent, and Crusader Resources, 30 per cent.

* * *

Preliminary results of a seismic survey carried out by Reynolds Diversified Corporation off the coast of Ajman—part of the United Arab Emirates—indicate "two structurally significant and independent prospects," according to Reynolds.

Reynolds is a U.S.-based natural resources company with extensive exploration interests in the U.S. and Australia.

The company has an 80 per cent interest in the Ajman oil and gas concession.

* * *

The seismic survey was completed last November by Unigulf Petroleum. Reynold's operator in the Middle East, and Reynolds expects drilling in the two target areas to commence as soon as possible.

Reynolds expects to commission an onshore seismic survey of its concession and is continuing to review existing seismic data. Reynolds Diversified's shares are quoted in London under Rule 163(1)(e).

Progress at Caledonian Cinemas

WITH ALL divisions performing well, pre-tax profits of Caledonian Associated Cinemas rose substantially from £281,000 to £521,000 in the half-year to September 27, 1980. Turnover was higher at £4.74m compared with £3.83m.

Despite these figures, the board emphasises that the results should not be taken as an indication of the profits to be earned for the full year.

Tax for the half-year was up from £126,000 to £312,000. The interim dividend is unchanged at 2p—last year's total was 7p from pre-tax profits of £642,000 (£737,000).

Activities of the group include operation of cinemas, bingo halls and licensed premises, hiring of amusement equipment, financing and investment dealing, letting of properties, and retailing of photographic goods and audio equipment. The ultimate holding company of the group is the Equity Trust.

Great Northern improves to £3.39m net

Net revenue of the Great Northern Investment Trust improved from £3.05m to £3.39m in the 12 months to November 30, 1980, after tax marginally higher at £1.89m, compared with £1.69m. At midyear the trust reported a net surplus over £500,000 higher at £1.72m.

A final dividend of 4.6p against a forecast of at least 4p, brings the net total up to 6.6p—last year's 6p total included a non-recurring 0.6p.

Stated earnings per 25p share were 6.87p (6.18p) and taking prior capital at par, net asset value per share was 177p (131p) at year-end. Earnings in 1979 included special non-recurring income of £289,183.

ASSOCIATES DEALS

On January 16, Cazenove and Co. purchased 55,000 Thomas Witter and Co. shares at 54p on behalf of Tarmac.

New fund to help small companies

A NEW investment fund, to provide finance and management support for small and medium-sized companies, has been formed by three Scottish institutions.

Called Scottish Allied Investors, its shareholders are Royal Bank Development, a subsidiary of the Royal Bank of Scotland, James Finlay and Company, the Glasgow-based banking and trading group, and Scottish Western Trust.

The fund will have an initial share capital of £3m and will be chaired by Mr. Douglas Muirhead, former chairman of P. A. Management Consultants.

It will offer capital to help small companies expand or to enable individual shareholders to dispose of part or all of their shareholdings. It will also offer underwriting finance for new capital issues.

Individual investments would normally be between £50,000 and £500,000, with Scottish Allied taking a minority equity interest. Medium term loan capital would also be offered.

The shortage of sources of equity finance for small companies in Scotland was highlighted in evidence to the Wilson Committee and the Government has been trying to encourage private institutions to supplement the work of the Scottish Development Agency.

Mr. Muirhead said: "There is general acceptance that this sector, which should be the seedcorn of new industry, has been neglected in the post-war period.

"Whilst there would appear to be sufficient sources of finance for projects submitted by well-established and well-run companies, few institution are prepared to consider projects submitted by companies experiencing growth problems where the assistance required involves appreciation of practical management difficulties."

N. G. BAILEY AND VAULDALE ENG.

Electrical and instrumentation contractor N. G. Bailey and Company has acquired a majority shareholding in Vauldale Engineering.

Vauldale has been successful in oil and oil-related projects both on and offshore.

G.T. Japan halves its interim

PRE-TAX profit down by more than two-thirds is reported by G.T. Japan Investment Trust for the half-year to December 31, 1980. The figure is £60,588 against £183,022 last time. Tax took £31,506 (£94,739).

And the net interim dividend is halved to 0.5p per share.

The directors intend to look at the dividend position when full-year results are available, and anticipate that total payments will be not less than 2p (4p).

Earnings per share are also well down at 0.58p (1.77p) and fully diluted 1.12p (2.07p). Net asset value is 272p (193p) and assuming full conversion of loan stock 250p (187p).

Mr. W. J. T. Griffin, chairman, says the performance achieved was due to the commitment through the period of funds invested in Japan and other areas in the Far East including Australia. In these circumstances, substantial interest has been payable on sterling and foreign currency borrowings with a consequent adverse effect on the pre-tax profit.

Mr. Griffin says the Board has been at pains to inform shareholders, from time to time, that the Trust's commitment to the Japanese equity market would have a direct effect on the income position.

The Board remains optimistic for the future of the Japanese market.

W. Williams still hit by trade downturn

THE SERIOUS downturn in trade which hit W. Williams and Sons (Holdings) in the half-year to June 30, 1980, has continued into the second half and will be reflected in the final results, says Mr. W. E. Williams, chairman.

In a full interim statement, he says that trading conditions for the Caerphilly-based engineering and foundry company have, if anything, deteriorated. In order to use the group's resources more fully, the Pontyclun site—where the company has operated for 25 years—will be disposed of. The subsidiary Vale Castings (BS) will be relocated at Caerphilly.

The move is designed to improve cash flow and benefit the group's two aluminium foundries on the site. The operation should be completed by the end of March this year.

Mr. Williams adds that while the economy is still depressed, the company has secured several big export orders for cast aluminium panelling and these contracts will be beneficial in the early part of the current year.

The group made an interim pre-tax loss of £213,000 (£69,000 profit) on turnover of £4.6m (same). The interim dividend was omitted.

EPIC TOPS £1.2M

PRE-TAX income increased from £914,000 to £1,221,000 at the Epsom-based Estates Property Investment Company in the half-year to October 31, 1980.

Tax took £390,000 against £339,000 and interest was £316,000 (£507,000). Interest attributable to properties being developed, excluded from results, was £98,000 (£61,000). This will be covered by a transfer from reserves.

An increased net dividend of 2.75p (2.5p) is being paid on the ordinary 25p shares. Last year's total net dividend was 6.25p.

ANZ Banking confident

The Board of the Australia and New Zealand Banking Group was confident of another satisfactory result, Sir Ian McLennan, chairman told the AGM. But because of changing economic conditions, it was difficult to predict profits for this year, he said.

There had already been considerable interest rate fluctuations, he added, and in Australia, further narrowing of interest margins was likely, as market pressures influenced deposit rates.

The bank's objective was to contain rising operating costs by effective cost control measures and also to improve group income by recouping more of the cost of providing customer services and expanding its business base.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Mar.		June		Sept.		
GM C	$45	—	—	20	5¼	—	—	$45
GM C	$60	—	—	2	⅞	—	—	"
		April		July		Oct.		
ABN C	F.280	2	10.50	—	—	—	—	F.278
ABN C	F.300	4	4.50	2	5.50	—	—	"
AKZO C	F.15	4	2.80	—	—	—	—	F.17.20
AKZO C	F.17.50	33	1.30	—	—	10	2	"
AKZO C	F.20	61	0.60	18	1	20	1.30	"
AKZO C	F.22.50	18	0.30	—	—	—	—	"
AKZO C	F.25	3	0.20	—	—	—	—	"
AKZO P	F.15	—	—	11	0.80	—	—	"
AMRO C	F.60	1	1.60	—	—	—	—	F.58.30
AMRO C	F.70	—	—	5	0.60	—	—	"
HEIN C	F.55	6	2.70	3	3.50	—	—	F.54
HEIN C	F.60	20	0.80 A	—	—	—	—	"
HEIN P	F.50	5	1.10	—	—	—	—	"
HEIN P	F.65	2	12	—	—	—	—	"
HOOG C	F.12.50	20	2.50	—	—	—	—	F.14.50
HOOG C	F.15	—	—	47	1.20	—	—	"
IBM C	$60	6	9¼	—	—	—	—	$67½
IBM C	$65	9	5⅜	—	—	—	—	"
IBM C	$70	16	3	6	5½	—	—	"
IBM C	$75	11	1⅜	—	—	—	—	"
IBM P	$65	1	2	—	—	—	—	"
KLM C	F.60	84	4.40	11	5.50	—	—	F.59.50
KLM C	F.70	40	1.10	3	2.90	—	—	"
KLM P	F.55	3	1.50	—	—	—	—	"
KLM P	F.60	18	4	55	6	—	—	"
NATN C	F.110	4	12.50	—	—	—	—	F.121
NATN C	F.120	12	4.20	1	6	—	—	"
NATN P	F.120	—	—	10	3	—	—	"
PETR C	Fr.5500	2	70	—	—	—	—	Fr.5160
PHIL C	F.15	—	—	30	1.70	7	2.20	F.15.40
PHIL C	F.17.50	136	0.40	179	0.80	40	1	"
PHIL C	F.20	12	0.20	—	—	—	—	"
PHIL P	F.15	60	0.40	25	0.80	10	1	"
PHIL P	F.17.50	—	—	2	2.70	15	3	"
PHIL P	F.20	15	4.30	—	—	—	—	"
POLA C	$25	5	2⅜	—	—	—	—	$24⅝
OLIE C	F.190	15	24.50	—	—	—	—	F.209.50
OLIE C	F.200	25	18	4	32.50	6	26	"
OLIE C	F.220	567	6.60	32	11.30 A	24	14	"
OLIE C	F.240	108	3.40	1	6.50	—	—	"
OLIE P	F.180	54	0.80	—	—	—	—	"
OLIE P	F.190	88	1.90	1	4.50	—	—	"
OLIE P	F.200	115	4.90	9	9 B	8	12.70	"
OLIE P	F.220	378	15	—	—	—	—	"
OLIE P	F.240	1	31.50	—	—	—	—	"
UNIL C	F.120	6	8.40	—	—	—	—	F.125.70
UNIL C	F.130	3	3	33	4	—	—	"
UNIL C	F.130	5	5.80 A	—	—	—	—	"
XERO C	$60	2	4	—	—	—	—	$59
		Feb.		May		Aug.		
BOEI C	$40	—	—	6	5⅛	—	—	$43⅛
BOEI C	$45	—	—	1	3½	3	5¼	"
BOEI C	$45	10	3⅛	10	4⅝	—	—	"
OOCI C	$30	200	4	1	5¼	—	—	$33⅞
SLUM C	$110	—	—	—	—	4	21½	$116⅛
SLUM C	$120	5	4	—	—	—	—	"
VW C	DM.150	1	1.80	—	—	—	—	DM142.50

TOTAL VOLUME IN CONTRACTS 2843

A=Asked B=Bid C=Call P=Put

MINING NEWS

Rustenburg: a hopeful start to the year

BY KENNETH MARSTON, MINING EDITOR

NOT SURPRISINGLY, in view of the cloudy world economic outlook, Mr. Gordon Waddell, the new chairman of South Africa's **Rustenburg Platinum Holdings**, takes a cautious view of prospects for the current year to August 31. But he does say that the company's start to the current financial year "has not been unsatisfactory."

After the boom conditions of 1979-80 when investment demand for platinum outweighed the decline in that from industry there is "a risk that significant quantities will be sold back to the market at some stage in the future."

As far as industrial demand is concerned, the outlook for that from the automobile industry, as a catalyst in the control of exhaust emissions, is hedged about by conflicting factors but at least the group has some good long term supply contracts.

A note of optimism is struck, however, in regard to the important jewellery market. Since last August "here has been a healthy recovery in demand" from Japan where the market is supplied with platinum on the basis of free market prices.

This demand was earlier hit by high platinum prices but these have now fallen—along with those of gold—to a current level of $543 per ounce. This is still above the producer level charged by Rustenberg of $475 but is under the current gold *price of $567½.*

Supplies of platinum to the jewellery markets in the U.S., UK and West Germany are based *on the producer prices as opposed* to the higher free market levels and the markets for platinum jewellery in these areas are making good progress.

In the year to last August, the free market platinum price moved between extremes of $420 in September 1979 and $1,047 in March 1980. Rustenberg's selling price was lifted from $380 to $420 in December 1979 and to its current level of $475 in August 1980.

If the present price can be maintained and if platinum demand improves to near the 1979-80 *levels, Rustenburg* should have another satisfactory year even though it may not match the previous year's record performance.

The hoped-for improvement in the U.S. economy would, of course, brighten the outlook for Rustenburg and if gold prices pick up they will do no harm to those of platinum. On this basis the group's shares seem reasonably priced at 230p to yield 10 *per cent on the past year's* 2.5 times' covered dividend.

Tax offsets at Durban, ERPM

DESPITE a lower gold price received in the December quarter of 1980, higher net profits for the period are reported by **Durban Deep** and **East Rand Proprietary Mines**, *the marginal grade* South African gold producers in the **Rand Mine** group.

In each case, gold earnings are lower than in the September quarter but the impact on net profit has been more than offset by tax recoupments: both mines suffered tax liability in the previous quarter.

On the latest occasion the mines' contributions to the group's mine dump protection fund coupled with their increased capital spending have *resulted in tax credits.*

On the other hand, **Blyvooruitzicht** has suffered from a below average gold price received of $619 per ounce compared with $670 in the September quarter. Furthermore, royalties payable to **West Driefontein** have increased.

Matters have been helped by an increased revenue from uranium, but Blyvoor's net profits for the past quarter are down on those for the previous three months.

The group's latest net profits are compared in the following table.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Blyvoor	19,983	23,072	20,722
Durban Deep	10,007	6,994	5,857
E Rand Pty	18,210	12,404	10,684
Harmony	33,720	34,887	31,827

Geevor Tin's difficulties

A WARNING about the future of the **Geevor** tin mine near Lands End in Cornwall has been given to the 376-strong workforce. Mr. Kenneth Gilbert, the managing director, has told employees that as things are the mine cannot operate profitably.

Mr. John Foster, the Transport and General Workers' Union district secretary for West Cornwall, said that the employees had been asked to forgo wage increases when the annual discussions take place in June.

He added: "The management is also asking for changes in shift arrangements with the introduction of a six-day week, *instead of the five days the men* now work, with the extra pay being deferred. This will need to be examined very closely."

As already reported, Geevor, which was the subject of a Royal visit last year, made a loss of £147,000 in the six months to September 30 and omitted its *final dividend.*

The mine's problems stem from low tin prices coupled with rising working costs and a significant increase in depreciation. The shares were unchanged yesterday at 150p.

ROUND-UP

Australian Consolidated Minerals reports latest assays of up to 7.1 grammes gold per tonne at its Big Bell prospect on the Murchison gold field in Western Australia. Further drilling is planned to define the *extent of the mineralisation* and feasibility studies have been started to establish requirements for a commercial operation.

The expected onset of tax at Australia's uranium-producing **Mary Kathleen Uranium** is reflected in a fall in net profit to A$11.2m (£5.5m) for 1980 compared with A$17.3m for the previous year. No dividend is being declared but the company has repaid A$10m loans to major *shareholders leaving A$10m* outstanding.

* * *

Results from four further drillholes at CSR's molybdenum-tungsten prospect at Mount Pleasant, near Mudgee in New South Wales, have assayed between 0.05 and 0.08 per cent molybdenite. The company also intends to carry out deeper drilling for copper at an anomaly east of Mount Gunsdon on South Australia's Stuart Shelf.

SHARE STAKES

T. Cowie—T. Cowie, director, has purchased 15,000 ordinary.

Olives Paper Mill Co.—K. C. Sethia (Investments) has *increased holding of* ordinary shares by 42,000 to 249,500 (7.79 per cent).

Western Dooars Tea Holdings—Assam-Dooars Holdings has acquired 24,516 ordinary making holding 200,508 (18.26 per cent).

Sterling Trust—Kuwait Investment Office has acquired 50,000 ordinary making holding 1.09m (6.68 per cent).

Harrisons & Crosfield—Kuwait Investment Office has acquired 50,000 ord making interest 5,294,417 (9.06 per cent).

NCC Energy—R. C. McBride, director, has purchased 10,000 shares.

Renwick Group — Directors have disposed of shares as follows: C. W. Wilton, 109,004, I. G. Wilton 110,284, D. S. King 70,000 and K. E. Holmes 22,522 — all beneficials. I. G. Wilton 44,610 non beneficial, and M. F. Dobson 35,000 and K. E. Holmes 10,000 beneficial.

BIDS AND DEALS

Canadian disposal by Staveley

Staveley Industries, which specialises in heavy engineering and machine tools, has sold its heavy manufacturing business centred on Toronto to a Canadian company for C$9.5m.

The subsidiary involved, part of Standard Modern Tool Company of Toronto, manufactures loading machines for nuclear power installations in addition to *machine tools.*

Mr. B. H. Kent, managing director of Staveley, explained yesterday that the company decided to sell the subsidiary, if possible, last July when it foresaw a slump in nuclear power orders in Canada.

The Canadian Government has "only one order *in sight,*" Mr. Kent said. "That is in Romania and it is bogged down in negotiations. Even if it came through orders would probably be shared with Canadian General Electric."

R. C. Baxter, the Canadian purchaser, was able to put manufacturing business into the factory to replace nuclear orders. It also complied with the Canadian Government's desire to see such industries "Canadian-*ised.*" Mr. Kent said.

The proceeds of the sale would be transferred to the U.S. where Staveley has recently appointed a chief executive to seek acquisitions.

Meanwhile, Staveley's West Coast of Canada business, centred on Williams Machinery in British Columbia and Alberta, is to be retained. That business handles marketing and distribution for Clark fork lift trucks.

ASH AND LACY/ G. A. HARVEY

Ash and Lacy, manufacturer of perforated metal, steel cladding, galvanisers and distributors, state that their subsidiary, Joseph Ash and Son, has acquired from G. A. Harvey and Co. (London), a subsidiary of Butterfield-Harvey, the galvanis*ing business of Harvey* Fabrication.

The purchase price is based on net asset value, excluding debtors less creditors, and is estimated to be £242,000 payable in cash.

The new acquisition will trade as London Galvanisers and this purchase will further strengthen the galvanising business of Joseph Ash, especially in South-East England, where Ash and Lacy recently acquired Leech *Brain and Co.*

MALAYAN TIN DREDGING

Malayan Tin Dredging (M) Berhad has acquired the balance of the equity in three companies *in which it already had holdings.* The companies are Southern Malayan Tin Dredging (M), Southern Kinta Consolidated (M), and Lower Perak Tin Dredging. The transaction involved 6,637,557 MTD shares.

All the companies are members of the Malaysia Mining Corporation.

Tunnel Holdings in £9.9m U.S. takeover

TUNNEL HOLDINGS, the cement, building products and chemicals group, is to buy a U.S. speciality chemicals company, Alcolac, for $23.7m (£9.9m).

The UK group has already agreed to pay $17 a share for the 701,587 stock units (50.25 per cent), owned by Mrs. Marie Louise Blainoff, chairman and chief executive and widow of the founder, and by a group of family trusts.

The board of Alcolac, which is *quoted on the American Stock* Exchange, has also recommended the deal to shareholders. At June 30, 1980, the U.S. company had net assets of $14.08m. In the year to that date, it made a pre-tax profit of $2.99m on turnover of $38.06m.

Based in Baltimore, Alcolac make and sell a range of speciality chemicals both there, in Missouri and in Canada.

It also owns 79 per cent *of Wapora, a research consultancy* specialising in environmental contract work based in Washington DC.

JAYPLANT

Personal representatives of the estate of the late Mr. Jeremy Betts, former managing director of Jayplant, have sold 686,000 *ordinary shares, representing* 4.5 per cent of the UK plant hire company.

Of these shares 243,000 have *been purchased by Mr.* N. Langley-Pope and 243,000 by Mr. H. Musaphia, taking the holdings by these directors to 2.53m (16.5 per cent) and 2.81m (18.39 per cent), respectively.

Last year the company was subject to an agreed acquisition by Kotmalie Valley Estates, which no longer actively traded. As a result of the purchase Jayplant vendors gained control of Kotmalie and Mr. Langley-*Pope and* Mr. Musaphia, former majority shareholders in Jayplant, were obliged to make an offer for the *outstanding* Kotmalie equity under the City code.

Birmid selling subsidiary

Birmid Qualcast, the Midlands foundry and metalwork group well-known for its manufacture of lawnmowers, is planning to sell its Trucast subsidiary to Ross and Catherall.

Negotiations are at an advanced stage. Trucast is based on the Isle of Wight and manufactures a variety of steel investment castings. It is part of Birmid's foundries division.

Ross and *Catherall, a private* company based near Sheffield, manufactures special steels and super alloys, some of which it supplies to Trucast.

Leather companies to merge

TWO LOSS-MAKING leather companies are planning to come together in an agreed deal worth some £2.4m.

Garnar Scotblair is offering two of its own shares plus 150p cash for every five shares in *Booth International. With* Garnar unchanged at 74p, the terms value each Booth share at just under 60p compared with yesterday's close of 55p—up 21p.

Mr. John Booth, deputy chairman and managing director, has already accepted the offer in *respect of his own 10 per cent* stake and the other directors say they will also be accepting. Full acceptance will involve the issue of 1.6m new Garnar ordinary—23.3 per cent of the enlarged capital. The new shares will be entitled to the final dividend for 1980/81 which Garnar expects to be 3.85p for an unchanged *total of 6.25p.*

The companies said yesterday that they believed there were considerable benefits to be gained from a merger. They both already operate over a broad sector of the leather industry. There would be material advantages in a wider utilisation of the large hide and skin resources available to the enlarged group.

In the first half of 1980 Booth showed a pre-tax loss of £1.4m while Garnar's loss was £348,000. In the first half of 1979 Booth reported a profit of £375,000 but this had turned into a loss of £80,000 by the end of the year. *Garnar showed a profit of £1.4m* in 1979 after £703,000 at half time.

The principal reasons for the losses was the sharp fall in the price of skins and hides, the strength of sterling and high interest rates. Skin and hide prices have, to some extent, stabilised and Garnar believes that there are grounds for cautious optimism in 1981.

Offer for Aboyne-Clyde Rubber

Hedgefield Country Securities has acquired ordinary and preference shares in Aboyne-**Clyde Rubber Estates of Ceylon** representing 52.7 per cent of the total voting rights.

The company is making a general offer for the rest of the shares at 14p for the preference, *and 2½p for the ordinary,* the highest prices paid by Hedgefield within the preceding 12 months.

Aboyne said it was considering the offer, but meanwhile strongly advised holders not to dispose of their holdings.

The company, which had its listing cancelled *in* 1970 because of an inadequate market in the shares, said that net assets attributable to the preference shares at March 31, 1980, stood at £30,917 — 15.5p per share. There were no assets attributable to the ordinary.

Hedgefield announced yesterday that it had acquired 212,825 Aboyne ordinary shares and 58,041 preference shares. With shares already held, Hedgefield has a beneficial interest in 214,575 ordinary shares (85.5 per cent) and 64,041 preference shares (32 per cent).

The Aboyne directors beneficially own 12,300 preference shares and non-beneficially own 100 ordinary shares (0.04 per cent).

Hedgefield is a London-based private company controlled by Mr. Peter Rowe and Mr. Peter Allen.

Blue Circle and Hawker in S. African deal talks

Blue Circle Industries, the *major UK cement group, is* talking with Hawker Siddeley about taking a sizeable stake in the latter's wholly-owned South African operation.

No final agreement is expected for a few weeks, but Hawker Siddeley is likely to keep a significant minority holding in its local company.

The talks revolve around the possibility that Hubert Davies, a Blue Circle subsidiary in South *Africa, will take a controlling* interest in Hawker Siddeley Electric (Pty).

Hawker Siddeley makes and distributes a wide range of transformers, electrical switch*gear, electric motors and diesel* engines in South Africa. It also imports large diesel engines from associate companies in the UK.

Hubert Davies also sells imported electrical equipment, including overhead powerlines, metering and auto boosters.

Blue Circle's South African interests, which also include cement and contracting, are 55 per cent-owned by the UK *parent,* and have just reported pre-tax profits for last year up 74 per cent to R26.2m, with turnover up by 28.6 per cent to R261m.

Horsell below forecast

Difficulties in the UK printing trade, coupled with the high sterling exchange rate and continuing high interest rates, have resulted in a greater than expected fall in profits of Frank Horsell Group, the printing equipment manufacturer.

Pre-tax profits for the half year to September 30, 1980 were £161,000, on sales of £4.6m. Last time, the respective figures—relating to Horsell Graphic Industries Group—were £536,000 and £4.06m.

In December, 1979 the directors forecast a total dividend of 5.5p per share on the assumption of annual profits before tax of £1.15m. But in the light of current adverse trading conditions, they feel unable to recom*mend an interim of more than* 1p per share.

The company's shares are traded in the market made by M. J. H. Nightingale and Co.

LONDON TRADED OPTIONS

(Jan. 19 Total contracts 785)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	390	16	53	42	6	58	—	406p
BP	420	1	24	25	55	44	35	"
BP	500	4	—	5	2	18	—	"
Cons. Gold	448	27	31	—	—	—	—	473p
Cons. Gold	538	¼	—	13	4	—	—	"
Cons. Gold	588	¼	1	5	10	13	—	"
Cons. Gold	638	¼	1	3	10	5	—	"
Cons. Gold	688	½	10	1½	—	3	—	"
Courtaulds	50	3½	12	9	—	12	—	53p
Courtaulds	60	½	—	5½	10	7½	—	"
GEC	550	30	1	68	6	93	—	578p
GEC	600	2	1	34	1	63	2	"
Grand Met.	120	8	1	—	—	—	—	148p
Grand Met.	140	8	15	15½	2	21	1	"
Grand Met.	160	½	—	5½	1	11	—	"
ICI	280	—	—	26	22	36	—	286p
ICI	300	1	10	14	11	26	—	"
ICI	330	¼	4	6	5	14	1	"
ICI	360	¼	—	2	5	7	3	"
Land Sec.	353	11	87	—	—	—	—	362p
Land Sec.	390	¾	2	14	—	22	—	"
Land Sec.	420	½	5	8	—	12	—	"
Marks & Sp.	90	25	3	30	—	—	—	114p
Marks & Sp.	100	15	50	21	1	25	—	"
Marks & Sp.	110	5	6	13	10	18	—	"
Marks & Sp.	120	½	—	6½	3	13	—	"
Shell	420	36	33	52	27	66	20	454p
Shell	460	4	9	28	11	42	—	"
Shell	500	¾	—	16	2	29	—	"
Shell	550	½	2	6	—	13	—	"
Totals			351		204		63	
		February		May		August		
Barclays B'k	420	7	5	17	—	30	—	393p
Lasmo	700	42	—	87	1	120	—	709p
Lasmo	750	22	—	62	1	95	—	"
Lasmo	800	7	—	42	1	72	—	"
Lonrho	84	12	2	—	—	—	—	94p
Lonrho	90	—	—	16	1	19	2	"
Lonrho	94	6	16	—	—	—	—	"
Lonrho	100	—	—	8	36	13	16	"
Lonhro	110	—	—	4½	9	6½	10	"
P. & O.	110	5	4	13½	—	16½	—	112p
Racal Elec.	280	29	—	45	2	57	—	298p
Racal Elec.	300	16	2	33	6	45	—	"
Racal Elec.	330	6	6	20	3	31	—	"
Racal Elec.	360	1	—	11	10	21	—	"
Racal Elec.	390	¼	2	6	—	14	7	"
RTZ	384	28	1	—	—	—	—	396p
RTZ	414	10	1	22	1	—	—	"
RTZ	454	1½	—	9	12	—	—	"
RTZ	494	½	—	4	10	—	—	"
Totals			39		93		35	

Pennywise shops sold to Stylo

THE BREAKUP of Cope Sportswear has begun. Receivers of the textile and trading group, who were appointed by Yorkshire Bank a week before Christmas, have already sold the profitable Pennywise retailing chain to Stylo Shoes.

Stylo has paid £1.8m for the business, which operates 13 shops in Yorkshire retailing fancy goods, household and textile products.

Cope bought in the minority shareholding of Pennywise late in 1979 during an acquisition programme which sent total borrowings up to £4.8m compared with shareholders' funds of £3.4m.

Hawthorn Leslie board rejects Starwest offer

In their first response to the formal offer from **Starwest Investment Holdings** the directors of **R. & W. Hawthorn Leslie** are urging shareholders to reject Starwest Investment Holdings' offers of 130p cash for the *ordinary shares and 45p for the preference.*

Hawthorn said yesterday that having received the formal offer document from Starwest, the board, advised by Samuel Montagu & Company, "see no merit in the approach . . . and is of the view that the financial terms of the offers is inadequate." The company said that it will shortly be writing to holders to explain why the directors unanimously advise shareholders to reject the offer.

The Hawthorn shares were unchanged at 133p yesterday.

JOINT INSURANCE BROKING VENTURE

Insurance brokers **Rollins Burdick Hunter Company**, headquartered in Chicago, and London-based **Stewart Wrightson** ***Holdings***, *have formed a joint* venture to be called Rollins Wrightson Company, to provide specialised brokerage services to financial institutions in the U.S.

The president and chief executive officer of the new venture will be Mr. Harry Haacke. Mr. Haacke, until recently a senior executive responsible for the insurance of financial institutions in Marsh and McLennan, has had *close contact with* Stewart Wrightson in London for many years.

Rollins Burdick has business *links with* a number of London insurance brokers including C. E. Heath; but the latest move was said to in no way alter its existing arrangements with other London brokers.

Dollar nervous

Dollar trading yesterday remained extremely nervous and patchy, with little clear indication on how the release of Iran's frozen assets would affect the U.S. unit. While traders awaited further developments, the dollar retained its firmish undertones, helped by high interest rates and the tight monetary policy currently being pursued by the U.S. authorities.

Sterling was sharply firmer against most currencies, helped by speculation that Iran may transfer some of its returned funds into sterling. It was particularly firm against European currencies, touching a new seven-year high against the French franc, and its best level in terms of the D-mark since March 1976.

European currencies showed little overall change, both within the European Monetary System and against the dollar. The French franc remained the strongest currency in the system, and the Italian lira the weakest.

DOLLAR — trade weighted index (Bank of England calculation) was 86.9 against 87.3. The dollar was hardly changed from Friday's closing levels, having recovered during the afternoon after opening somewhat weaker. Interest in the U.S. unit came mainly from New York. Against the D-mark it was unchanged at DM 2.0060, but rose in terms of the Swiss franc to SwFr 1.8250 from SwFr 1.8175. Against the Japanese yen it closed at Y202 compared with Y202¼ previously. Euro-dollar rates were mostly unchanged on balance from Friday.

STERLING — trade weighted index (Bank of England) rose to 80.1 from 80.0, having touched 80.2 at noon from 80.0 in the morning. The pound remained firm, and after an early quotation against the dollar of $2.4020, it rose to $2.4190 before coming back to $2.4150 around noon. As the dollar improved during the afternoon, sterling eased back to finish at $2.4065-2.4075, a rise of 1.4c from Friday's close. Sterling was very strong in terms of other European currencies, reaching a new seven-year high against the French franc at FFr 11.1550 from FFr 11.09 on Friday. This represents a rise of nearly 3 per cent since the beginning of the year. In D-mark terms it finished at DM 4.83 from DM 4.80.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position, and slower than expected economic growth rate. The steadier trend in U.S. interest rates has depressed the D-mark with tension over Poland still a market factor.—The D-mark was mostly firmer at yesterday's fixing in Frankfurt. The dollar eased to DM 2.0017 from DM 2.0183 on Friday, with trading somewhat unsettled by the imminent release of the U.S. hostages. Dealers tended to play down the possibility of any large switch out of U.S. dollars by the Iranians, with high interest likely to underpin the dollar in the near future. Elsewhere sterling fell to DM 4.8360 from DM 4.8430, and the Swiss franc was lower at DM 1.0997 compared with DM 1.1043 previously.

JAPANESE YEN—Very firm, despite recent dollar strength, and underpinned by Japan's strengthening economic performance.—The yen was slightly firmer against the dollar in Tokyo yesterday, with the U.S. unit closing at Y202.80 compared with Y203.20 on Friday. After early commercial demand, the dollar was as high at Y203.50 during the morning, but eased back reflecting some nervousness over the hostage situation in Iran. It touched a low of Y202.60, but recovered slightly towards the close.

THE POUND SPOT AND FORWARD

Jan. 19	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4020-2.4190	2.4065-2.4075	1.22-1.32c dis	−6.33	2.85-2.95dis	−4.82
Canada	2.8610-2.8750	2.8630-2.8640	0.80-0.90c dis	−3.56	2.10-2.25dis	−3.04
Nethlnd.	5.23-5.27	5.24-5.25	2⅝-1⅜c pm	4.88	6-5 pm	4.19
Belgium	77.40-77.90	77.60-77.70	20-10c pm	2.32	38-28 pm	1.70
Denmark	14.82-14.88	14.84-14.85	2¼-¼ore pm	0.56	½-2½ dis	−0.40
Ireland	1.2900-1.2970	1.2953-1.2963	0.05p pm-.08 dis	−0.60	0.22-0.02 pm	0.37
W. Ger.	4.81-4.85	4.82½-4.83½	2⅝-1⅝pf pm	5.28	6⅞-5⅞ pm	4.87
Portugal	128.70-129.60	128.85-129.05	25-70c dis	−4.42	125-180 dis	−4.73
Spain	193.95-194.85	194.05-194.15	15-90c dis	−3.25	195-270 dis	−4.79
Italy	2,290-2,297	2,291-2,292	3-6lire dis	−2.09	18½-21½ dis	−3.49
Norway	12.55-12.61	12.58-12.59	6¼-4¼ore pm	5.07	13⅝-11⅞ pm	4.05
France	11.14-11.19	11.15-11.16	4⅛-3¼c pm	4.03	8¼-7¼ pm	2.78
Sweden	10.70-10.75	10.70½-10.71½	4½-5½ore dis	−5.32	13½-14½dis	−5.25
Japan	482-490	486-487	3.05-2.35y pm	6.66	7.25-6.55 pm	5.67
Austria	34.05-34.35	34.10-34.15	14-10gro pm	4.22	32-26 pm	3.40
Switz.	4.37-4.41	4.39-4.40	4-3c pm	9.56	9⅝-8⅝ pm	8.06

Belgian rate is for convertible francs. Financial franc 77.75-77.85. Six-month forward dollar 4.35-4.45c dis. 12-month 5.40-5.60c dis.

Canada Jan. 16 2.8505-2.8515 (close).

THE DOLLAR SPOT AND FORWARD

Jan. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4020-2.4190	2.4065-2.4075	1.22-1.32c dis	−6.33	2.85-2.95dis	−4.82
Ireland†	1.8505-1.8730	1.8610-1.8630	0.90-1.00c dis	−6.12	2.30-2.50dis	−5.15
Canada	1.1897-1.1906	1.1903-1.1906	0.32-0.25c pm	2.87	0.48-0.43 pm	1.53
Nethlnd.	2.1730-2.1810	2.1775-2.1785	2.15-2.05c pm	11.57	4.95-4.85 pm	9.00
Belgium	32.14-32.28	32.26-32.28	25½-24c pm	9.22	54-51 pm	6.52
Denmark	6.1435-6.1645	6.1520-6.1535	3.70-3.20ore pm	6.73	6.75-6.25 pm	4.22
W. Ger.	1.9960-2.0175	2.0055-2.0065	1.96-1.91pf pm	11.57	4.75-4.70 pm	9.42
Portugal	53.40-53.75	53.65-53.75	25c pm par	2.80	45 pm-15 dis	1.12
Spain	80.50-80.70	80.50-80.60	30-10c pm	2.98	20 pm-15 dis	0.12
Italy	950.50-951.60	951.00-951.30	3½-2½lire pm	3.78	3¾-2¾ pm	1.25
Norway	5.2130-5.2325	5.2200-5.2210	5.20-4.70ore pm	11.38	11.5-11.0 pm	8.62
France	4.6270-4.6380	4.6310-4.6335	3.97-3.87c pm	10.16	8.60-8.40 pm	7.34
Sweden	4.4400-4.4500	4.4485-4.4500	0.15ore pm-par	0.20	0.80-0.95dis	−0.79
Japan	201.20-202.20	201.95-202.05	2.20-2.05y pm	12.62	5.25-5.10 pm	10.25
Austria	14.13-14.20	14.17½-14.18½	12.00-11.40gro pm	9.90	29.25-27.75pm	8.04
Switz.	1.8120-1.8280	1.8245-1.8255	2.43-2.33c pm	15.65	5.75-5.65 pm	12.49

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 19	Bank of England Index	Morgan Guaranty Changes%
Sterling	80.1	−24.3
U.S. dollar	86.9	−7.2
Canadian dollar	79.7	−18.5
Austrian schilling	146.5	+21.9
Belgian franc	110.9	+10.5
Danish kroner	101.1	−8.1
Deutsche mark	145.5	+39.1
Swiss franc	185.4	+74.8
Guilder	122.4	+17.6
French franc	96.1	−8.2
Lira	49.5	−52.8
Yen	146.1	+42.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Jan. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.527182	0.532550
U.S. $	13	1.26497	1.27863
Canadian $	16.97	1.50734	1.52476
Austria Sch.	6¾	18.0698	18.2907
Belgium F.	12	41.0546	41.5266
Danish K.	11	7.85863	7.94027
D'mark	7½	2.55309	2.58257
Guilder	8	2.77408	2.80722
French Fr.	9½	5.89729	5.96990
Lira	16½	1212.16	1226.20
Yen	7¼	257.042	259.203
Norwgn. Kr.	9	6.63920	6.70767
Spanish Pts.	8	102.422	103.556
Swedish Kr.	10	5.64303	5.71444
Swiss Fr.	3	2.31173	2.34027
Greek Dr'ch.	—	—	60.7731

OTHER CURRENCIES

Jan. 19	£	$		£ Note Rates
Argentina Peso	4839-4859	1999-2016	Austria	33.95-34.35
Australia Dollar	2.0365-2.0405	0.8470-0.8475	Belgium	77.60-78.40
Brazil Cruzeiro	164.37-165.37	68.10-68.44	Denmark	14.83-14.98
Finland Markka	9.367-9.377	3.8770-3.8780	France	11.10-11.22
Greek Drachma	112.182-115.437	47.00-47.10	Germany	4.82-4.87
Hong Kong Dollar	12.46-12.48	5.1750-5.1760	Italy	2335-2410
Iran Rial	175.00*	72.95*	Japan	485-491
Kuwait Dinar(KD)	0.651-0.657	0.2713-0.2715	Netherlands	5.24-5.29
Luxembourg Frc.	77.60-77.70	32.26-32.28	Norway	12.57-12.69
Malaysia Dollar	5.3290-5.3430	2.2120-2.2170	Portugal	128½-143
New Zealand Dlr.	2.5010-2.5060	1.0400-1.0410	Spain	188¾-199
Saudi Arab. Riyal	7.99-8.05	3.3300-3.3320	Sweden	10.68-10.78
Singapore Dollar	4.9880-4.9980	2.0715-2.0735	Switzerland	4.37½-4.42
Sth. African Rand	1.8015-1.8025	0.7485-0.7490	United States	2.40½-2.42½
U.A.E. Dirham	8.82-8.88	3.6710-3.6730	Yugoslavia	79-85

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.5120	+4.33	+1.11	±1.53
Danish Krone	7.72336	7.93720	+2.77	−0.45	±1.64
German D-Mark	2.48208	2.58051	+3.97	+0.75	±1.125
French Franc	5.84700	5.97077	+2.12	−1.10	±1.3557
Dutch Guilder	2.74362	2.80697	+2.31	−0.91	±1.512
Irish Punt	0.668201	0.691276	+3.45	+0.23	±1.668
Italian Lira	1157.79	1225.14	+5.82	+2.74	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.407	4.830	486.5	11.155	4.395	5.245	2292.	2.864	77.65
U.S. Dollar	0.415	1.	2.007	202.1	4.634	1.826	2.179	952.0	1.190	32.26
Deutschemark	0.207	0.498	1.	100.7	2.310	0.910	1.086	474.4	0.593	16.08
Japanese Yen 1,000	2.055	4.948	9.928	1000.	22.93	9.034	10.78	4710.	5.886	159.6
French Franc 10	0.896	2.158	4.330	436.1	10.	3.940	4.702	2054.	2.567	69.61
Swiss Franc	0.228	0.548	1.099	110.7	2.538	1.	1.193	521.4	0.652	17.67
Dutch Guilder	0.191	0.459	0.921	92.76	2.127	0.838	1.	436.9	0.546	14.80
Italian Lira 1,000	0.436	1.050	2.108	212.3	4.868	1.918	2.289	1000.	1.250	33.89
Canadian Dollar	0.349	0.841	1.687	169.9	3.896	1.535	1.832	800.2	1.	27.12
Belgian Franc 100	1.288	3.100	6.220	626.5	14.37	5.660	6.755	2951.	3.688	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 19)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 7/8	offer 19	bid 17 7/16	offer 17 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13¾-14	19¾-20	16½-17½	9⅛-9¼	3-3½	8⅝-8¾	10⅜-10⅝	14-16	11½-12	6¾-7¼
7 days' notice	13⅞-14⅛	19⅞-20⅛	17-18	9⅛-9¼	2¼-2¾	8¾-8⅞	10⅜-10⅝	14½-16½	11-11½	7⅜-7⅝
Month	14⅛-14¼	19¾-20	17¾-18⅛	9⅛-9⅜	5⅛-5⅜	9-9⅛	10⅞-10⅞	15¾-16¾	11¾-11⅞	8-8¼
Three months	14⅛-14¼	18⅞-19⅛	17-17⅜	9⅛-9⅜	5½-5⅝	9-9⅛	11-11¼	17¼-18¼	12¼-12⅜	8⅜-8⅝
Six months	13⅞-13¾	17⅜-17⅝	15¾-16⅛	9⅛-9⅜	5⅛-5⅜	9-9⅛	11⅞-12⅛	17½-18½	12¾-12⅞	8⅜-8⅝
One Year	13⅜-13⅝	15¾-16	14½-14⅞	9⅜-9⅝	5½-5⅝	8⅞-9⅛	12⅛-12⅜	18-19	12⅝-12¾	8½-8¾

SDR linked deposits: one-month 14⅛-14½ per cent; three-months 13 13/16-14 3/16 per cent; six-months 13 5/16-13 11/16 per cent; one year 12¾-13⅛ per cent.

Asian $ (closing rates in Singapore) one-month 19½-19¾ per cent; three-months 18⅝-18⅞ per cent; six-months 17 9/16-17 13/16 per cent; one year 15⅞-16 per cent.

Long-term European two years 14⅝-14⅞ per cent; three years 14½-14¾ per cent; four years 14⅛-14⅜ per cent; five years 14⅛-14⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.40-19.60 per cent; three-months 18.60-18.70 per cent; six-months 17.00-17.10 per cent; one year 15.60-15.80 per cent.

INTERNATIONAL MONEY MARKET

Europe rates steady

Paris call money was unchanged at 10½ per cent yesterday as the supply of liquidity remained abundant despite the auction by the Bank of France of FFr 950m of one-year bills last week. At the beginning of last week call money rose to 10⅞ per cent, but has eased recently because of the ample supply of day-to-day funds.

The central bank has offered to supply extra money through purchases of first-category paper for value tomorrow to enable banks to build up reserves, and the scale of assistance will be announced around noon today.

In Frankfurt interest rates were unchanged, with call money at 9.10-9.20 per cent; one-month at 9.30-9.50 per cent; three-month at 9.30-9.50 per cent; and six-month at 9.20-9.40 per cent.

In Amsterdam call money was quoted at 9-9½ per cent, compared with 9½-9¾ per cent, with one-month unchanged at 9⅝-9⅞ per cent, while three-month rose to 9⅝-9⅞ per cent from 9½-9¾ per cent, but six-month was unchanged at 9⅝-9⅞ per cent.

In Tokyo money market rates were largely unchanged, although conditions are expected to gradually tighten, partly because of monthly wage payments, and seasonal tax payments. It is expected that the Bank of Japan will cut its discount rate from 7¼ per cent in the near future, and apart from the seasonal tightening of conditions, this has contributed to the general decline in rates recently.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Day-to-day money was in slightly short supply in the London money market yesterday and the authorities gave assistance on a small scale by buying a small amount of Treasury bills and a small number of local authority bills from the discount houses.

Government disbursements exceeded revenue payments to the Exchequer, but on the other hand the market was faced with maturing commercial bills held by the authorities.

Discount houses paid 13-13½ per cent for secured call loans at the start, with closing balances taken at 13¼-14 per cent.

Fixed term interest rates were generally easier, with three-month interbank funds easing to 14⅛-14¼ per cent from 14¼-14⅜ per cent, while 12-month money fell to 13¼-13½ per cent from 13 9/16-13¾ per cent.

GOLD

Firmer trend

Gold rose by $6 an ounce in the London bullion market yesterday to close at $566-569. Trading in the morning was generally quiet, with the market awaiting further news of the hostages in Iran.

It opened at $556-559, its low of the day, but started to improve as New York entered the market. Soon after it touched a high of $568-571, before coming back slightly towards the close.

In Paris the 12½ kilo bar was fixed at FFr 90,450 per kilo ($607.23 per ounce) in the afternoon, compared with FFr 90,000 ($604.27) in the morning and FFr 90,450 ($603.44) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,000 per kilo ($559.61 per ounce) against DM 36,440 ($561.52) and closed at $565-569 compared with $560-563 on Friday.

In Zurich gold finished at $565-568 against $560-563 previously.

	Jan. 19		Jan. 16	
Gold Bullion (fine ounce)				
Close	$566-569	(£235-236¼)	$560-563	(£233⅜-234⅝)
Opening	$556-559	(£230½-231¼)	$564-567	(£235⅜-236⅝)
Morning fixing	$558.75	(£231.175)	$562.75	(£234.969)
Afternoon fixing	$566.75	(£234.922)	$560.75	(£233.938)
Gold Coins				
Krugerrand	$582-585	(£241½-242¾)	$581-583	(£242½-243½)
1/2 Krugerrand	$298-302	(£123¾-125½)	$295½-300½	(£123½-125½)
1/4 Krugerrand	$152-156	(£63-64¾)	$148½-153½	(£62-64)
1/10 Krugerrand	$61-65	(£25¼-27)	$60¼-63¼	(£25¼-26½)
Mapleleaf	$578-582	(£240-241½)	$575-580	(£240-242¼)
New Sovereigns	$142½-143½	(£59¼-59¾)	$142-143	(£59¼-59¾)
King Sovereigns	$165½-167½	(£68¾-69¾)	$166-168	(£69-70)
Victoria Sovs.	$165¼-167½	(£68¾-69¾)	$166-168	(£69-70)
French 20s	$155-157	(£64¼-65¼)	$156-158	(£65¼-66)
50 pesos Mexico	$703-706	(£291¾-293¼)	$702-705	(£293¼-294½)
100 Cor. Austria	$545-549	(£226¼-228)	$548-552	(£228¾-230½)
$20 Eagles	$678-682	(£281½-283¼)	$678-682	(£283-284¾)

LONDON MONEY RATES

Jan. 19 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	13¼-14	13½-14	—	—	13¾-14	13-14	—	—	—
2 days notice	—	—	13⅞-14	—	—	—	—	—	—	—
7 days or	—	—	—	—	14½	14¼-14½	13⅝-13⅞	—	—	—
7 days notice	—	13⅞-14⅛	14-14⅛	15-15⅛	14⅝	14⅝-14¾	13¾	13	13 11/16-13 13/16	14¾
One month	14 3/16-14 5/16	14 3/16-14 5/16	14¼	14¾-15⅛	14⅝	14¾	13⅝	12 11/16-13	13⅝	14⅝
Two months	14 3/16-14 5/16	14 3/16-14⅜	14¼	14⅛-14⅛	14⅝	14⅝-14¼	13¼-13½	12⅞	13½-13 9/16	14⅜
Three months	14⅛ 14¼	14⅛ 14¼	13¾-13⅞	13⅝-14	14 1/16	14⅛	—	—	12⅝-12 15/16	13½
Six months	13 9/16-13 11/16	13½-13 11/16	—	13⅛-13⅞	14	14¼	—	—	—	—
Nine months	13⅜-13⅝	13 7/16-13⅝	13⅜-13⅝	13⅜-13⅝	13¾	14⅛	—	—	—	—
One Year	13⅛-13	13¼-13½	—	—	—	—	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13½-13¾ per cent; four years 13½-13¾ per cent; five years 13½-13¾ per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅝ per cent; four-month trade bills 14⅜ per cent.

Approximate selling rate for one-month Treasury bills 12⅞ per cent; two-months 12 13/16-12⅞ per cent; three-months 12 13/16 per cent. Approximate selling rate for one-month bank bills 13 13/16 per cent; two-months 13 13/16 per cent; three-months 13 7/16 per cent; one-month trade bills 14½ per cent; two-months 14⅜ per cent and three-months 14⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11¾-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.8457 per cent.

MONEY RATES

NEW YORK

Prime Rate	20
Fed. Fund	19⅞-20
Treasury Bills (13-week)	15.75
Treasury Bills (26-week)	14.65
GERMANY	
Discount Rate	7.5
Overnight Rate	9.15
One month	9.40
Three months	9.40
Six months	9.30
FRANCE	
Discount Rate	9.5
Overnight Rate	10.5
One month	10.9375
Three months	11.5
Six months	12.25
JAPAN	
Discount Rate	7.25
Call (Unconditional)	8.8125
Bill Discount (three-month)	8.90625

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 19, 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	106.50
Albania	Lek	10.20
Algeria	Dinar	9.2500
Andorra	French Franc	11.155
	Spanish Peseta	19410
Angola	Kwanza	(CM) 69.794
		(T) 72.237
Antigua (S)	E. Caribbean $	6.52
Argentina	Ar. Peso Free Rate	4,849.0
Australia (S)	Australian $	2.0385
Austria	Schilling	34.125
Azores	Portugu'se Escudo	128.95
Bahamas (S)	Ba. Dollar	2.4070
Bahrain (S)	Dinar	0.908
Balearic Isles	Spa. Peseta	194.10
Bangladesh (S)	Taka	38.80
Barbados (S)	Babados $††	4.8140
Belgium	B. Franc	(cm) 77.65
		(fn) 77.80
Belize	B $	4.8140
Benin	C.F.A. Franc	557.75
Bermuda (S)	Bda $	2.8635
Bhutan	Indian Rupee	19.05
Bolivia	Bolivian Peso	60.35
Botswana (S)	Pula	1.7800
Brazil	Cruzeiro ‡‡	164.87
Brit. Virgin Isles (S)	U.S. $	2.4070
Brunei (S)	Brunei $	4.9930
Bulgaria	Lev	2.0826
Burma	Kyat	16.25
Burundi	Burundi Franc	216.505
Cameroon Republic	C.F.A. Franc	557.75
Canada	Canadian $	2.8635
Canary Islands	Spanish Peseta	194.10
Cape Verde Isle.	Cape V. Escudo	88.10
Cayman Islands (S)	Cay. Is. $	2.0058
Cent. Af. Repub.	C.F.A. Franc	557.75
Chad	C.F.A. Franc	555.75
Chile	C. Peso	(Bk) 94.18
China	Renminbi Yuan	3.6920
Colombia	C. Peso	(F) 122.97
Comoro Islands	C.F.A. Franc	557.75
Congo (Brazaville)	C.F.A. Franc	557.75
Costa Rica	Colon	20.70
Cuba	Cuban Peso	1.8630
Cyprus (S)	Cyprus £	0.8820
Czechoslovakia	Koruna	(com) 13.30
		n/c 23.15
		(T) 22.58
Denmark	Danish Krone	14.845
Djibouti	Fr.	418 (sg)
Dominica (S)	E. Caribbean $	6.52
Dominican Repub.	Dominican Peso	2.4070
Ecuador	Sucre	(O) 60.55
		(F) 68.22
Egypt	Egyptian £	(U) 1.68
Equatorial Guinea	Ekuele	388.2
Ethiopia	Ethiopian Birr	(P) 4.9250
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.845
Fiji Islands	Fiji $	1.8970
Finland	Markka	9.372
France	French Franc	11.155
French C'tyin Af*	C.F.A. Franc	557.75
French Guiana	Local Franc	11.155
French Pacific Is.	C.F.P. Franc	196 (sg)
Gabon	C.F.A. Franc	557.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.83
Germany (West)	Deutsche Mark	4.83
Ghana (S)	Cedi	6.59
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	115.8095
Greenland	Danish Kroner	14.845
Grenada (S)	E. Caribbean $	6.52
Guadaloupe	Local Franc	11.155
Guam	U.S. $	2.4070
Guatemala	Quetzal	2.4070
Guinea Republic	Syli	46.95
Guinea Bissau	Peso	83.70
Guyana (S)	Guyanese $	6.14
Haiti	Gourd	12.035
Honduras Repub.	Lempira	4.85
Hong Kong (S)	H.K. $	12.47
Hungary	Forint	(com) 77.1745
		(T)(nc) 57.8085
Iceland (S)	I. Krona	14.994(§)
India (S)	Ind. Rupee	19.05
Indonesia	Rupiah	1,508.45
Iran	Rial	175.00 (sg)
Iraq	Iraq Dinar	0.70856
Irish Republic (k)	Irish £	1.2958
Israel	Shekel	19.60
Italy	Lira	2,291.5
Ivory Coast	C.F.A. Franc	557.75
Jamaica (S)	Jamaica Dollar	4.2928
Japan	Yen	486.5
Jordan (S)	Jordan Dinar	0.732 (sg)
Kampuchea	Riel	2,888.4
Kenya (S)	Kenya Shilling	18.225
Kiribati	Australian $	2.0385
Korea (Nth)	Won	2.16 (‖)
Korea (Sth)	Won	1,581.34
Kuwait	Kuwait Dinar	0.654
Laos	New Kip	24.07
Lebanon	Lebanese £	9.0275
Lesotho	Loti	1.8020
Liberia	Liberian $	2.4070
Libya	Libyan Dinar	0.7125
Liechtenstein	Swiss Franc	4.395
Luxembourg	Lux Franc	77.65
Macao	Pataca	12.80
Madeira	Portug'se Escudo	128.95
Malagasy Republic	MG Franc	557.75
Malawi (S)	Kwacha	1.9950
Malaysia (S)	Ringgit	5.3360
Maldive Islands (S)	Mal Rupee	9.4850
Mali Republic	Mali Franc	1,115.5
Malta (S)	Maltese £	0.857
Martinique	Local Franc	11.155
Mauritania	Ouguiya ‡	108.40
Mauritius (S)	M. Rupee	19.03
Mexico	Mexican Peso	56.35
Miquelon	C.F.A. Franc	557.75
Monaco	French Franc	11.155
Mongolia	Tugrik	(o) 7.21 (‖)
Montserrat	E. Caribbean $	6.52
Morocco	Dirham	10.37 (sg)
Mozambique	Metical	69.76
Nauru	Australian Dollar	2.0385
Nepal	Nepalese Rupee	28.95
Netherlands	Guilder	5.245
Netherland Antilles	Antillian Guilder	4.3085
New Hebrides	See VANUATU	
New Zealand (S)	N. Z. Dollar	2.5035
Nicaragua	Cordoba	24.15
Niger Republic	C. F. A. Franc	549.75
Nigeria (S)	Naira	1.267479 (sg)
Norway	Norway Krone	12.585
Oman Sul'ate of (S)	Rial Omani	0.833
Pakistan	Pakistan Rupee	23.80
Panama	Balboa	2.4070
Papua N.Guinea (S)	Kina	1.5500
Paraguay	Guarani	304.29
Peru	Sol	exc (A) 827.62
Philippines	Philippine Peso	18.10
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.5035
Poland	Zloty	(Cm) 75.71
		(T) 75.71
Portugal	Portugu'se Escudo	128.95
Puerto Rico	U.S. $	2.4070
Qatar (S)	Qatar Ryal	8.77
Reunion Ile de la	French Franc	11.155
Romania	Leu	(Cm) 10.48
		(n/c) T28.13
Rwanda	Rwanda Franc	219.80
St. Christopher (S)	E. Caribbean $	6.52
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	6.52
St. Pierre	Local Franc	11.155
S. Vincent (S)	E. Caribbean $	6.52
Salvador El	Colon	6.04
Samoa American	U.S. $	2.4070
San Marino	Italian Lira	2,291.5
Sao T'oe&Principe	Dobra	86.10
Saudi Arabia	Ryal	8.02
Senegal	C.F.A. Franc	557.75
Seychelles	S. Rupee	15.65 (SG)
Sierra Leone (S)	Leone	2.5870
Singapore (S)	Singapore $	4.9930
Solomon Islands (S)	Solomon Is. $	1.9090
Somali Republic	Somali Shilling	(A) 14.55
South Africa (S)	Rand	1.8020
South West African Territories (S)	S. A. Rand	1.8020
Spain	Peseta	194.10
Spanish ports in North Africa	Peseta	194.10
Sri Lanka (S)	S. L. Rupee	42.66
Sudan Republic	Sudan £ (1)	1.20
Sudan Republic	Sudan £ (2)	1.92
Surinam	S. Guilder	4.3085
Swaziland (S)	Lilangeni	1.8020
Sweden	S. Krona	10.71
Switzerland	Swiss Franc	4.395
Syria	Syria £	(A) 9.45
Taiwan	New Taiwan $	86.65
Tanzania (S)	Tan. Shilling	19.45
Thailand	Baht	49.60
Togo Republic	C.F.A. Franc	557.75
Tonga Islands (S)	Ha'anga	2.0385
Trinidad (S)	Trinidad & Tob. $	5.7768
Tunisia	Tunisian Dinar	0.990 (SG)
Turkey	Turkish Lira	210.12
Turks & Caicos	U.S. $	2.4070
Tuvalu	Australian $	2.0385
Uganda (S)	Uganda Shilling	18.10
United States	U.S. Dollar	2.4070
Uruguay	Uruguay Peso	(cm) 24.19
		(fn) 24.14
Utd. Arab Emirates	U.A.E. Dirham	8.85
U.S.S.R.	Rouble	1.6220
Upper Volta	C.F.A. Franc	557.75
Vanuatu	Vatu	176 (SG)
	Aust. Dollar	2.0385
Vatican	Italian Lire	2,291.5
Venezuela	Bolivar	10.36
Vietnam	Dong	(O) 5.2615
		(T) 5.30 (‖)
Virgin Islands U.S.	U.S. Dollar	2.4070
Western Samoa S.	Samoan Tala	2.2350
Yemen (Nth)	Ryal	10.90 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8240
Yugoslavia	New Y Dinar	70.9369
Zaire Republic	Zaire	7.226800
Zambia	Kwacha	1.9450
Zimbabwe	Zimbabwe $	1.5275

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 101.10. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona=100 old Kronur.

Companies and Markets

WORLD STOCK MARKETS

Wall St. mixed in early trade

STOCKS ON Wall Street failed to establish a clear trend in moderate early trading yesterday as investors remained cautious about the outlook for interest rates.

Analysts said action by the Federal Reserve in the Government Securities Market yesterday morning indicated that the Fed does not want interest rates to fall just now. It was the first sign of the Fed's intentions since reporting an $11.4bn jump in the broader-based measure of *money supply* last Friday. There was little reaction to signs that the American hostages would be *released soon*.

The Dow Jones Industrial Average managed a marginal 0.69 gain to 973.98 at 1 pm, while the NYSE All Common Index hardened 5 cents to $77.38 with rises and falls about evenly matched. Turnover came to 26.36m shares, compared with last Friday's 1 pm figure of 30.72m.

American Telephone topped the actives list and put on $1 to $51¼. It is near to an agreement to settle a Justice Department anti-trust suit.

Active **Sony** gained ⅛ to $16⅛ and **IBM** ¼ to $66¾. IBM reported higher fourth-quarter net profits on Friday.

Digital Equipment advanced 2⅛ to $83¾ on sharply higher fiscal second-quarter profits.

Mesa Petroleum added $1 to $56¾ and **Santa Fe** ¼ to $102⅛. They have found natural gas in the Gulf of Mexico off Louisiana.

Peoples Energy rose 2⅛ to $50. It is studying the possibility of spinning off some subsidiaries.

THE AMERICAN SE Market Value Index was 0.52 firmer at 348.46 at 1 pm. Volume 3.69m shares (4.71m).

Canada

An easier tendency prevailed in fairly active early dealings. The Toronto Composite index declined 6.0 to 2,262.3 at noon.

Closing prices for North America were not available for this edition.

Golds lost 49.0 to 4,311.2 and Oil and Gas 17.4 to 4,471.7.

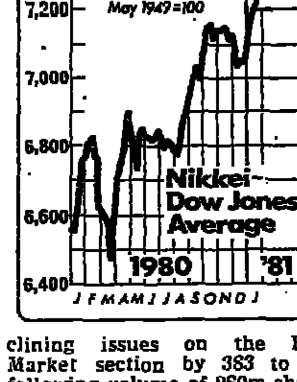
Tokyo

The market advanced sharply, led by Light Electricals, Precision Instruments, Pharmaceuticals and other Blue Chips, in response to news that the U.S. *hostages in Iran seemed very* close to being released.

Foreign buying was noted, although *overall* turnover was only moderate because many investors were cautious of the high level of outstanding buying contracts in margin trading.

Buying interest was also stimulated by anticipation of a favourable economic policy by Ronald Reagan's Administration.

The Nikkei-Dow Jones Average moved ahead 40.23 to an all-time peak of 7,296.08, while the Tokyo SE index climbed 2.05 to 507.50. Rises outpaced declining issues on the First Market section by 383 to 180 following volume of 280m shares, against last Friday's 330m.



Pioneer Electronic rose Y70 to Y2,480, **Victor Japan** Y110 to Y2,890, **Sony** Y70 to Y3,230, **Canon** Y18 to Y898, **Fuji Photo Film** Y20 to Y966, **Olympus** Y40 to Y1,390, **Honda Motor** Y15 to Y529, **Takeda Chemical** Y16 to Y721, **Green Cross** Y60 to Y1,700 and **Sankyo Pharmaceutical** Y31 to Y656.

Trading Houses also firmed, led by **Mitsui**, which has a multi-billion dollar petrochemical *project in Iran*. **Mitsui** put on Y10 to Y348 and **C. Itoh** Y7 to Y408.

Oils, Coals and Heavy Electric Machines, however, tended to ease.

Milan

Stocks surged ahead in feverish activity in the first session of the new operative month yesterday. Abundant liquidity and buying as a refuge investment against inflation *resulted in heavy demand and* produced the fourth consecutive upward session on the Milan market. The Banca Commerciale Italiana index jumped 11.89 to set a new 1980-81 high of 198.05.

However, some brokers expressed concern for the unprecedented large gains occurring in all sectors on the grounds that serious technical problems might be triggered.

As a result of the heavy trading, the session lasted 90 minutes longer than usual. Issues of the Insurance and Banking sectors were the strongest performers of the day.

Germany

Share prices were mixed to lower in light trading on what brokers called a nervous market. The Commerzbank index shed 4.5 to 685.5.

An announcement was made towards the end of the session that **Dresdner Bank**, off 50 pfennigs, was selling 10 per cent of the share capital of **Metallgesellschaft** to the Kuwait Petroleum Corporation. **Metallgesellschaft** improved DM2 to DM314.

Domestic Bonds recorded small movements with an easier bias.

Paris

Prices were mixed to firmer after fairly active trading. Market observers said news of the imminent release of the U.S. hostages held in Iran appeared to have had little impact on investors, although Gold Mine shares were easier. News of a French trade deficit of more than FFr 60bn in 1980 came too late to affect trading, but was thought to have been already discounted anyway.

Hong Kong

Stock prices generally declined in moderate activity, with the Hang Seng index shedding 28.33 to 1,591.14.

Sentiment was depressed by uncertainty over what financial consequences there might be from the deal to release the U.S. hostages. Also, some operators *preferred to wait* to see what economic policies would be contained in Ronald Reagan's *inaugural speech* today. There was little news affecting particular companies, and many operators *decided to take profits*.

Australia

Mining issues showed an easier inclination as traders in *the politically-sensitive* metals sector waited for world market reaction to developments in the *Iranian hostages* crisis, but Industrials were firmer for choice. Recently strong Oils provided *some bright spots*, although the sector overall displayed a downward bias.

Strata Oil rose afresh and traded as high as A$4.55, but later receded to A$4.35 for a net loss of 5 cents after directors announced that test results at the rumour-prone Woodada No. 3 well would not be available until mid-week.

Elsewhere in the Oil and Gas group, **Bridge** added 15 cents at A$6.20, **Hartogen** 30 cents at A$8.50, **Ampol Exploration** 10 cents at A$4.00 and **Crusade** also 10 cents at A$5.90.

Among Minings, **MIM** retreated 11 cents to A$4.10, **Hamersley** 25 cents to A$3.40 and **CRA** 6 cents to A$5.54, but speculative issue **Meekatharra Minerals** jumped 94 cents to A$8.70.

Johannesburg

Gold shares drifted slightly easier in thin and hesitant trading as operators awaited the outcome of the final stages of the U.S. hostage release negotiations.

Terry Garrett reports on investors' enthusiasm for the garment industry activities of Asil Nadir

Market's liking for the golden touch

FEW COMPANIES in the UK's troubled textile industry can command glamour ratings in the stock market these days. Yet the linking of one man's name, Mr. Asil Nadir, to what appear the most unexciting of small bombed out rag trade outfits seems to produce almost unlimited enthusiasm, even though a year ago he was virtually unknown.

Nadir first made his appearance when he brought Wearwell to the stock market in the summer of 1973. Wearwell, a manufacturer and wholesaler of clothing, initially caught the market's imagination. The 3.2m share offer at 46p a share attracted over 8,000 applications for nearly 155m shares.

He remained immersed in the mixed fortunes of Wearwell until a year ago when he branched out on a personal acquisition trail. He took control of two small textile companies which promptly became the best performing shares of 1980.

Last February Mr. Nadir popped up as the bidder for Polly Peck, a loss making ladies' fashion group. Polly Peck's shares had been trading in the "penny stock" class when he made a 9p a share offer valuing the company at £470,000. Polly Peck's controlling Zelker family agreed to sell their 57 per cent holding to Nadir's Jersey company, Restro. Few other shareholders were tempted to accept, though, for the share price immediately took off once the bid was announced.

Polly Peck's shares hit a high point of 190p at one stage during 1980 and even after falling back to 135p by the end of December the price performance was astounding with a 2,708 per cent rise for the year.

What has happened at Polly Peck to produce such a rise?

Last July the company raised £1.56m by a rights issue (the price in the market by then was over 80p) to buy Uni-Pac Packaging Industries of Cyprus from Mr. Nadir. Uni-Pac had leased a factory at Famagusta and was busy equipping it with machinery to make corrugated packaging. Total cost of the project was put at £950,000 plus £148,763 as reimbursed expenses to Mr. Nadir.

This was not the most obvious diversification for a ladies fashion outfit in London's East End but it was logical enough for the 38-year-old Mr. Nadir. Cyprus is his homeland, his original company, Wearwell, operates a factory there and an aboundance of low cost labour is available not to mention local tax and low factory rental incentives to attract industry.

The basic market for this new project is the 125,000 to 150,000 tons of citrus fruit produced each year in Cyprus which until now has been boxed in imported materials. The potential output of Mr. Nadir's factory is over 30m boxes although the Cyprus market can only absorb 12m. At the time of the rights issue Uni-Pac had not corrugated one piece of card, yet Mr. Nadir confidently predicted profits of £2m for the 17-month period to August 1981, based solely on the Cyprus market and putting aside the export potential to surrounding countries.

> After the near disaster of the mid-1970s Wearwell's performance has been good enough for the market to take the view that Mr. Nadir (right) can work wonders with Polly Peck and Cornell

Just before Christmas, Polly Peck announced it was making a small profit—the first for 2½ years. The corrugated plant has started and the £2m forecast for Uni-Pac still stands. Mr. Nadir says the traditional business is shooting ahead thanks to increased exports, and talk outside the boardroom is that profits could reach £3m for the 17 month period to August. So far the company has just £17,670 under its belt for the first five months so far reported.

But if Polly Peck's shares are supported by "jam tomorrow" arguments, the support for the price rise of Cornell Dresses, Mr. Nadir's latest interest, is even more speculative.

In September Mr. Nadir was at it again. This time it was an option to buy 57 per cent of Cornell, another loss maker, at 19p a share from the controlling family and board. The share price, already trading a few pence over the option price before the deal was confirmed in the market, took off and reached 142p at one stage.

Mr. Nadir actually took up the option through Polly Peck rather than his Jersey company to give him two quoted company bases rather than three. Some sanity returned to Cornell's share price with the publication of the offer document in which Cornell's chairman told shareholders that the market price was "not justified by short term prospects." Today the shares are changing hands around 65p—still a long way from the 1980 low point of 10½p.

Cornell has never made a profit of more than £170,000 yet its market capitalisation at one stage was as high as £4.3m. Mr. Nadir says that Cornell would dovetail into Polly Peck "extremely well" but the market seemed to have had more in mind than that. All the same, this will be a year of "consolidation" at Cornell according to Mr. Nadir.

Despite the excitement attached to Mr. Nadir's name, the performance of Wearwell since it went public has not always been impressive, especially in the field of acquisitions—and this is where the market thinks Mr. Nadir has now acquired a golden touch.

Wearwell's initial success was based on its cash and carry concept. It was ideal for small independent retailers to come in and pick up a few dresses. Transactions were always in cash so Wearwell enjoyed a healthy cash flow and had no bad debt problem. Stock levels were kept to a minimum, reducing both working capital requirements and the dangers of price write-downs to shift difficult lines.

The concept was expanded from London into the regions and by 1974-75 Wearwell had a dozen outlets and profits passed the £1m mark—in 1968 they had been a mere £10,000. But the bubble was ready to burst.

The retail trade was about to take a sharp knock and increasing fuel costs made it less attractive for small independents to drive any distance to buy a few dresses.

Also, and more significantly, earlier decisions taken by Mr. Nadir were turning sour. Having achieved such impressive growth with Wearwell he was in the mood to think he could not go wrong. Late in 1974 and in 1975 Wearwell departed from its traditional operations with two acquisitions involved in mail order and supplying chain stores. Wearwell had swapped a profile of cash generation for one of providing credit and building up substantial stocks. Borrowings in the 1975 accounts totalled £1.1m against tangible shareholders' funds of £0.4m.

When the full year figures to April 1976 were published a downturn in the retail trade coupled with a disastrous acquisition policy were all too evident. Wearwell had made a second half loss of £653,000. Management reacted swiftly. The mail order business was closed, the credit business to chain stores severely curtailed, properties sold and the staff reduced from 300 to 168. The support of bankers was keeping Wearwell afloat.

Asil Nadir was back to square one, but he says "a few lessons had been learnt."

The following couple of years saw Wearwell fighting back with the support of a cash injection from leather group Strong and Fisher, and two rights issues raising a total of £2½m.

Wearwell appears to have won the fight. In the half-year to last October profits doubled to £1.3m pre-tax and the full year could produce over £4m. Behind this switch in fortunes has been a massive drive into export markets — mainly the Middle East — now taking 85 per cent of production. Mr. Nadir started going all out for overseas orders in 1977. Despite the strength of sterling and competition from the likes of Korea and Taiwan, Wearwell appears to have orders coming out of its ears. Capacity in the UK was trebled last year but still the order book stretches a long way forward.

One of the biggest filips to profits has been the setting up of the Cyprus factory which handles 30 per cent of the group's machining requirements. The labour cost of machining a garment in the UK is around £3 a time. If Wearwell ships the material to Cyprus, machines it and then ships it back the unit cost is under 75p. The impact on its competitive position and profitability are obvious.

So after the near disaster of the mid-1970s Wearwell's performance has been good enough for the market to take the view that Mr. Nadir can work wonders with Polly Peck and Cornell. But why, if they are such attractive buys, did he not graft them into his already successful Wearwell company? His answer is that after he took Wearwell on its failed buying spree he vowed that the company would never make another acquisition. Also doing it this way means that it is he and not Wearwell that could be on the way to making another paper fortune. In his own words "There is no harm in being successful."

Certainly Asil Nadir has hit upon the old stock market art of buying into companies with very limited marketability at low prices, letting news of his involvement work the share price up and then using paper or a rights issue to buy assets. He now has to come up with the profits to match.

BITTER FEELINGS ON CHRYSLER PACKAGE

Japanese likely to reschedule loans

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

EIGHT JAPANESE banks, which are owed nearly $156m by Chrysler Corporation, are expected to reschedule and partially to cancel the loans as part of the latest Chrysler "survival package."

Japanese banks have bitter feelings about the rescheduling proposals, not least because of the way Mr. Lee Iacocca, the Chrysler chairman, has inveighed against Japanese car exports to the U.S. while failing to acknowledge the role of Mitsubishi Motor Corporation in helping keep his company in business.

The loans which the Japanese banks are being asked to reschedule originated as trade credits covering the shipment to the U.S. of Mitsubishi cars to be sold by Chrysler. As such, they should not be treated in the same manner as Chrysler's working capital, Japanese bankers claim. Nor, say the bankers, should it be overlooked that Chrysler survived as long as it did "largely" because of booming sales of Japanese cars.

The Japanese banks are being asked by the Chrysler Loan Guarantee Board to convert half of their outstanding loans to the company into preferred stock in the company, cancel another 35 per cent and reschedule the remaining 15 per cent. Refinancing proposals are also being made to a group of seven Japanese trust banks which hold $30m of private placement bonds issued for the U.S. company.

The reason the Japanese banks will have to accept the guarantee board's proposals, or something closely resembling them, is said to be "political" rather than commercial, meaning that Japan could not afford to expose itself to the charge that Japanese banks had precipitated a Chrysler bankruptcy. The loan question is understood by bankers to be intimately related to the friction over Japanese car exports. If there were no political overtones, the Japanese response to the guarantee board proposals would almost certainly have been negative.

According to Tokyo Press reports, the list of Chrysler creditors is headed by Mitsubishi Bank, with loans worth $38m. Next in line are Mitsubishi Trust Bank, with loans of $30m, and Taiyo Kobe Bank, which is owed $26.9m. Mitsubishi Trust also holds $10m of Chrysler bonds and thus has the greatest overall exposure.

There is little doubt that all the banks involved can write off their Chrysler debt if forced to, but the impact on the profitability of some of the banks could be substantial. A possibility exists that the banks may be given the option by the Ministry of Finance of writing off the debt over three year.

Additional Chrysler guarantees approved

BY IAN HARGREAVES IN NEW YORK

CHRYSLER CORPORATION, the struggling U.S. motor company, yesterday received official approval from the Government's Chrysler Loan Guarantee Board to draw an additional $400m in loan guarantees.

The board's decision — a formality after last week's conditional approval — does not give Chrysler immediate acces to the cash, however.

A period of 15 days has to elapse, during which time Congress, the company's banks, its workers and its suppliers are able to consider the terms of the proposed deal.

Many of the 150 banks involved only received details of the proposals yesterday. Under the deal, the banks must be prepared to surrender $1.07bn in loans in return for $500m in Chrysler preferred stock and $150m in cash, the latter payable in instalments this year, but at Chrysler's option.

Many bankers have privately expressed their opposition to the package, but the company's lead bankers, who have already agreed to it, appear reasonably confident that details of the transaction will be complete by the end of the 15 days.

Assuming this is so, Chrysler will then issue $400m of 10-year notes in $5,000 minimum denominations. The offer date is tentatively set for February 2.

Chrysler was granted $1.5bn in loan guarantees by Congress more than a year ago and has so far drawn $800m.

Canada studies terms of Massey rescue plan

BY OUR NEW YORK STAFF

THE CANADIAN Government was yesterday studying in what form and under what conditions it should take part in the rescue of the Massey-Ferguson farm machinery company aftert he agreement by bankers in London last week on their part in the deal.

Government officials said that the terms agreed by bankers for the $700m (US$589m) equity refinancing plan were not quite the same as those initially suggested by the company when it sought Government aid.

This means that ministers will havet o assess the terms of the bank deal, before deciding ont he form of Government aid, a process which could take some time.

Bankers had been working on the assumption that the Government would provide guarantees for $200m of the new equity to be issued, but the original commitment by the Federal Government and the Provincial Government of Ontario last autumn avoided naming specific figures.

It appears that Government officials have been working with a figure of $150m, rather than the $200m expected by the banks.

Second quarter boost for Digital

A QUICKENING of pace in the second quarter has brought a gain of 27 per cent in earnings to $126.2m, or $2.60 a share, for Digital Equipment, one of the major manufacturers of data processing equipment. At $1.41bn sales were up 26 per cent, writes our Financial staff.

Earnings added 33 per cent to $70m, or $1.49 a share in the second quarter, on sales 33 per cent higher at $762.3m. For the full year analysts at Wall Street broking firms have predicted earnings of around $6.35 a share, against the $5.45 for the whole of the last fiscal year.

Strong growth in both sales and profits is expected, with Digital's position as the major producer in the minicomputer field likely to prove of great significance.

A T & T faces divestment to settle anti-trust case

BY OUR NEW YORK STAFF

AMERICAN TELEPHONE and Telegraph, the predominant U.S. concern, will probably have to divest itself from a substantial part of Western Electric, its principal manufacturing subsidiary, to make an out of court settlement in its six year old anti-trust case acceptable to the U.S. Government.

Last Friday, a federal judge hearing the case, one of the most complex suits ever filed by the U.S. Government against a company, said that settlement talks between AT & T and the Government were "essentially complete."

Although the two parties have so far declined to give details of the proposed settlement, any agreement is widely expected to include a request by the Government that AT & T shed a substantial part of Western Electric and probably divest itself from at least one, or possibly more, of the 23 local telephone companies in the Bell system. The entire package could require AT & T to separate itself from assets totalling about $26bn.

But the settlement could in turn allow AT & T to set up a separate subsidiary to operate long distance services and equipment which could meet some opposition from the company's competitors in this field. These competitors have been calling for separate ownership of AT & T's long distance operations on the grounds that AT & T would otherwise have an unfair competitive advantage.

The U.S. Justice Department case against AT & T centres on charges that the company has monopolised the U.S. telephone market and should be split up.

At the same time, AT & T could, under the terms of the proposed out of court settlement, be allowed to enter the data processing and related enhanced communications market. Up to now, AT & T was barred from entering these fields under a 1956 consent decree with the Justice Department. The Federal Communications Commission has already given AT & T approval to enter this market through a separate subsidiary.

Itel seeks protection under Chapter 11

By David Lascelles in New York

ITEL, THE ailing San Francisco leasing company which has been crippled by $1.3bn in debts, yesterday filed a petition for reorganisation under Chapter 11 of the U.S. Federal Bankruptcy Code. Under this section of the code the company continues to trade under its own management while it negotiates with creditors.

The company has indicated last week that it might be forced to take this step after the failure of its efforts to restructure more than $800m in bank and institutional debt and to settle details of a complicated insurance claim against Lloyds of London.

Mr. James Maloon, Itel's chairman, said yesterday that the decision to file has been taken after the Board had decided there were no alternatives. He said Itel would submit a reorganisation plan to its creditors at the earliest possible opportunity. This plan would affect all of Itel's outstanding debt and its common and preferred stock.

Itel has been trying to stave off disaster since the collapse of its computer leasing business as a result of technological changes introduced by IBM more than a year ago. In 1979, the company's loss was $443.3m and in the first nine months of this year there wsa a further loss of $54.3m. The company has a negative net worth.

Itel had said it wanted to file for bankruptcy before being forced to take this step by its creditors, which include several European banks.

Itel stressed that only the parent company of the group was involved in the filing. Its profitable container and railroad car leasing operations are excluded, as are Itel BV, the Dutch subsidiary, and Itel Finance International NV, through which Itel borrowed on the Euromarket.

Anacomp bond relaunched in new form

By Francis Ghilès

INTERNATIONAL bond markets were quiet yesterday, despite the sharper than expected rise in the U.S. money supply figures.

As it was interest rates were unchanged on the day, but seasoned straight dollar bond prices fell by about ¼ of a point.

The dollar issue for the U.S. computer group, Anacomp, delayed by the lead manager at the end of last year because of adverse market conditions, was relaunched yesterday, but in a different form. The $15m 15-year issue carries an indicated coupon of 8½-9 per cent and a conversion premium of 10-15 per cent. Warrants with the issue will allow each bond holder to buy another bond on identical terms at par. The warrants are not detachable or separately tradeable. The lead manager is Morgan Grenfell.

In the Swiss foreign bond market, three private placements have been announced. Fukuyama Transport is tapping the market for SwFr 50m of five-year notes at 6 per cent, priced at par, through Union Bank of Switzerland, guaranteed by Fuji Bank. Freisch Groningsche Hypotheekbank is floating SwFr 50m of seven-year notes bearing a coupon of 6¼ per cent at 99½ per cent, through Credit Suisse, while the Belgian Regie de Telephones et des Telegraphs is paying a coupon of 6 per cent for its issue of SwFr 100m of six-year notes lead-managed by Morgan Grenfell (Suisse).

The 5¾ per cent bond to 1991 for OKB, which started trading yesterday, quickly fell to a ½ point discount because of what dealers described as its very tight pricing. Outstanding paper from this issuer can easily be found with yields higher than the latest issue.

Credit Lyonnais, meanwhile, is privately placing LuxFr 500m of seven-year bonds through Kredietbank Luxembourgeoise and Credit Lyonnais Luxembourg. The paper carries a coupon of 11½ per cent for the first three years, falling to 11 per cent thereafter.

Borrowing costs hit Fannie Mae

By Our Financial Staff

THE FEDERAL National Mortgage Association (Fannie Mae), the U.S. Government-sponsored corporation which provides a secondary market in mortgages, saw earnings collapse last year as a result of the increased cost of borrowing.

The privately-owned company which borrows the funds needed to buy mortgages — most of which have are insured by government housing agencies — saw its final quarter profits cut from $37.02m to $671,000, or from 63 cents a share to 1 cent. The total profit for the year was $14.2m, or 24 cents a share, compared with $161.7m, or $2.81 a share in 1979.

The sharp drop in profits was attributed to losses on its mortgage loan portfolio resulting from the substantial increase in average borrowing costs during the year, an increase which was not offset by the increased yield on its mortgage portfolio.

Sharp decline in full year earnings for Du Pont

BY PAUL BETTS IN NEW YORK

DU PONT, the leading U.S. chemicals group, yesterday reported flat earnings for its last quarter of 1980 and a sharp drop in overall profits last year, in large measure reflecting the depressed state of the U.S. chemical industry.

In the fourth quarter, the company's earnings totalled $206m, the same amount the chemical giant earned in its fourth quarter in 1979. Per share earnings were 1 cent down at $1.40. Sales in the quarter were up from $3.2bn in the last quarter of 1979 to $3.5bn. This, however, is a modest increase in view of two-digit U.S. inflation last year.

Du Pont's profits for the year totalled $716m on sales of $13.7bn, sharply down from earnings of $939m on sales of $12.6bn the previous year.

Although Du Pont's results last year were disappointing, it is now seeking to step up its diversification programme into new specialty businesses as a means of reducing its reliance on its traditional chemical operations.

In the last quarter of 1980, Du Pont announced its first major acquisition in nearly eight years when it said it was buying for $346m the New England Nuclear Company, which manufacturers medical research and diagnostic equipment. The company since has announced other ventures to boost its presence in the specialty products market.

Former head of Fairchild returns to electronics

BY OUR NEW YORK STAFF

MR. WILFRED CORRIGAN, the British-born businessman who left his job as chief executive of Fairchild Camera little more than a year ago when the West Coast electronics company was taken over by Schlumberger, is returning to the electronics industry.

Mr. Corrigan has announced plans, in conjunction with venture capital companies in the U.S. and Britain, to form LSI Logic, which will manufacture custom-designed microchips, mainly for computer manufacturers.

Mr. Corrigan, said from his San Francisco home from where the fledgeling operation initially is being run, that he and other investors had pooled $6m to get the venture off the ground.

LSI Logic hopes to start manufacturing prototypes by the second quarter of this year, with a target of reaching $100m in annual sales within five years.

Mr. Corrigan said the objective was to plug a gap in what was now a $100m a year but fast-growing market for semiconductors tailored to the needs of specific applications.

The key, he said, was so-called "gate array" technology, which enables the manufacturer to use computer-aided design methods to produce custom-built chips within days, rather than weeks or months with the old technology.

International Business Machinces, the world leaders in computers, already uses gate array techniques to produce its own custom-built chips and LSI Logic will be one of many small companies seeking to earn a living in the market stimulated by IBM's advances.

Mr. Corrigan said the formation of LSI Logic had provided another good example of the speed at which the West Coast venture capital machine can work. "Once I got started, we put together the whole $6m deal within a day," he said.

Among those putting up money are Kleiner Perkins, Tandem Computers and Technical Development Corporation, a UK-based venture capital fund.

Mr. Corrigan himself is putting up "a substantial" proportion of the $6m, although he would not say how much.

Continental Illinois advances

By Our Financial Staff

CONTINENTAL ILLINOIS, the major money centre bank based in Chicago, has lifted earnings sharply in 1980, although the final quarter showed only a minor improvement.

For the full year, the bank turned in operating earnings of $224.1m, or $5.70 a share, against $194.1m, or $4.95 in 1979.

In the final quarter, operating net of $53.6m, or $1.36 a share, compared with $50.3m or $1.29 a year earlier.

The bank, which is seventh largest in the U.S. is expected to record a further increase in earnings in the current year.

At the year end, deposits totalled $27.31bn compared with $24.01bn a year earlier, with loans standing at $27.63bn against $23.97bn. After securities transactions net earnings for the full year rose from $195.8m to $225.5m.

In 1979, Continental Illinois took 18 per cent of its earnings from overseas operations. The company has a sizeable retail banking operation, although its chief business is still the servicing of the domestic and overseas needs of its commercial customers.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of European prices which will be published next on Thursday, February 12.

Closing prices on January 19

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	90⅞	91⅜	−0⅛	−1⅝	13.44
CFE 13 87	75	†90	90½	−0⅛	−0⅛	15.34
Citicorp O/S Fin. 10 86	300	87	87½	−0⅛	−1⅜	13.40
Citicorp O/S Fin. 12 87	200	93	93½	−0⅛	−2	13.56
Con. Illinois O/S 9¾ 86	150	86⅜	86⅞	0	−1⅛	13.61
Denmark 11¼ 90	100	88⅜	89⅛	−0⅛	−1⅛	13.91
Dome Petroleum 13½ 92	50	96½	96⅞	+0⅛	−2⅛	14.08
EEC 11 95 (May)	75	84⅛	84⅝	−1⅛	−1⅝	13.47
EEC 11 95 (August)	70	83¼	83¾	−0⅛	−1⅛	13.64
EIB 13¾ 90	100	98⅞	99⅜	−0⅛	−0⅞	13.88
Elsportfinans 9½ 87	75	84	84½	−0⅛	−0⅛	13.23
Elec. de France 10 88	125	84⅛	84⅝	0	−0⅝	13.41
Export Dv. Cpn. 12¾ 87	100	96⅜	96⅞	−0⅛	−1⅛	13.53
Export Dv. Cpn. 9½ 86	150	85½	86	0	−1⅛	13.62
Fed. Dev. Bank 12¾ 85	75	96⅛	96⅝	−0⅛	−0⅛	13.52
Fin. Exp. Credit 10½ 85	50	88⅜	88⅞	+0⅛	−0⅛	14.14
Finland, Rep. of 9½ 86	100	83⅜	83⅞	−1⅛	−0⅛	14.16
Ford Credit O/S 14⅛ 83	150	98⅞	99⅜	+0⅛	−0⅛	14.97
Ford O/S Fin. 12⅝ 85	250	90⅛	90⅝	+0⅛	0	15.75
GMAC O/S Fin. 13⅛ 85	100	97⅞	98⅜	0	−0⅞	13.98
GMAC O/S Fin. 12 87	100	91⅝	92⅛	−0⅛	−1⅛	13.90
Gen. Mtrs. O/S 11¾ 87	100	91	91½	−0⅛	−1	13.79
Goodyear O/S 12½ 87	75	95⅛	95⅝	−0⅛	−0⅞	13.65
Hudson's Bay 11½ 90	75	88	88½	−0½	−2⅛	13.77
IBM Canada 10½ 85	50	93⅞	94⅜	0	−0⅛	12.24
Int. Harvester 12¾ 85	115	93⅞	94⅜	−0⅛	−0½	14.54
J. C. Penney Int. 12¾ 86	100	95½	96	+0⅛	−0⅞	13.51
McGraw 13¾ 85	75	†96½	97	−0⅛	+1	14.51
NorWest Ind. 13⅝ 87	50	96½	97	+0⅛	0	14.40
Nova Scotia 10¾ 90	50	88	88½	+0⅛	−0⅞	13.36
OKB 10 85	50	88⅞	89⅜	−0⅛	−0⅝	13.32
Pemex 11¾ 88	100	85⅜	85⅞	−0½	−1⅛	14.76
Quebec Hydro 11½ 92	100	86⅛	86⅝	−1⅛	−2⅝	13.92
Rapsteel O/S 11⅛ 83	100	82½	83	−0⅛	−1⅛	15.52
Preussag 11¾ 85	50	91⅞	92⅜	+0⅛	−0⅞	13.69
SNCF 12¾ 85	50	96⅜	96⅞	0	−0½	13.40
Sweden 12¾ 85	150	95⅜	95⅞	−0⅛	−0⅝	13.66
Swed. Ex. Credit 12¾ 85	40	95⅛	95⅝	−0⅛	−0⅛	13.95
Swed. Ex. Credit 12 83	50	94⅝	95⅛	0	−0⅞	14.34
Transamerica 12⅛ 83	50	95⅛	95⅜	+0⅛	−0⅛	14.40
Unilever NV 9¾ 90	100	82⅛	82⅝	−0⅞	−1	13.04
World Bank 9¾ 85	200	87¾	88¼	−0⅛	−1⅛	13.49
World Bank 10¾ 87	300	86⅝	87⅛	0	−0⅛	13.36

Average price changes .. On day −0⅛ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8½ 90	100	93⅛	93⅞	−0⅛	−0⅛	9.41
Australia 8⅛ 90	250	96⅝	97⅜	+0⅛	−0⅞	8.59
Austria, Rep. of 8½ 92	150	93	93¾	−0⅛	−0⅛	9.19
BFCE 8¼ 95	100	92½	93¼	−0⅛	−0⅛	9.06
CECA 7⅞ 92	150	92	92¾	−0⅛	−0⅛	8.95
Cil-Honeywell 8⅛ 90	115	94⅝	95⅜	−0⅛	−0⅛	9.17
Denmark 8⅛ 92	100	95	95¾	−0⅛	0	8.92
EIB 8⅛ 90	200	95⅞	96⅝	−0⅛	−0⅛	9.06
ESCOM 9⅛ 87	100	97⅝	98⅜	0	−0⅛	9.70
Iberduero SA 9 90	100	98	98⅛	−0⅛	+0⅛	9.25
Ind. Bk. Finland 8½ 90	50	93⅞	94⅝	−0⅛	−0⅛	9.41

[illegible]

	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8⅛ 89 EUA	40	87⅛	88½	0	−0⅛	10.51
U. Bk. Nrwy 9½ 90 EUA	18	99	100⅛	0	+0⅛	9.56
Bk. Mees & H. 10 85 Fl	75	101	101½	0	−0½	9.61
F. G. Hypo 9⅛ 87 Fl	60	93⅜	94⅛	+0⅛	−0⅛	11.05
Heineken NV 10 87 Fl	100	97⅛	98	+0⅛	−0⅛	10.47
Nat. Inv. Bk. 10 87 Fl	75	97⅛	97⅝	0	−0⅞	10.52

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Key Cii post for St.-Gobain director

By Terry Dodsworth in Paris

THE DIVERSIFIED French industrial group, Saint-Gobain-Pont-a-Mousson, has increased its management control over the Cii Honeywell Bull computer group with the appointment of M. Alain Minc as deputy general manager responsible for the company's financial affairs.

M. Minc, still in his early 30s, joined Saint-Gobain only two years ago as director of financial services. But before this move, he had already become an expert in the information and computer industry, as co-author with M. Simon Nora of the celebrated official report on the computerised society.

A product of the ENA civil service college, which produces many of France's top-flight administrators, M. Minc left government service to become director of financial services at Saint-Gobain.

In this role, he played a key part in the group's diversification into the computer-related industries, leading to the acquisition of a controlling interest in Cii, along with a 20 per cent stake in Olivetti, the Italian office-equipment group.

Saint-Gobain is now in the process of developing technical links between Cii and Olivetti by encouraging them to work together on a number of foreign projects. M. Minc's appointment clearly fits into this development strategy, while giving the parent group a more direct insight into the workings of its subsidiary.

● Club Mediterranee reports parent company net income for the year ended last October of FFr 106.3m ($23m), an increase of 26.9 per cent. Operating profit rose by 29 per cent to FFr 133.8m while cash flow increased by 26 per cent to FFr 139.7m. Turnover showed an increase of 22.5 per cent at FFr 1.88bn.

Kuwait lifts Metallgesellschaft stake

BY STEWART FLEMING IN FRANKFURT

KUWAIT YESTERDAY extended its direct investments in West German industry when it announced the purchase for more than DM 150m ($75m) of a further 10 per cent stake in Metallgesellschaft, the leading process plant, metals and chemicals group.

Dresdner Bank, which has sold the holding to the State-owned Kuwait Petroleum Corporation, will retain about one-third of Metallgesellschaft. Last year, the company's annual sales were almost DM 9bn.

The deal raises the Kuwaiti interest in Metallgesellschaft to 20 per cent. Last May the Kuwait Government paid about DM 113m for a 10 per cent stake bought from a Zurich holding company associated with Swiss Bank Corporation.

In the wake of the initial purchase by Kuwait last year it became aparent that the Kuwaitis woud be interested in expanding their holding.

How far OPEC countries expand their influence in the German economy remains a sensitive question. Kuwait, however, is considered one of the most attractive partners among OPEC countries because of its political stability and sophisticated investment policies.

Kuwait has already built up significant stakes in a number of important German companies, including 14 per cent of Daimler-Benz and 25 per cent of Korf Stahl. The latest purchase would seem to fit in not only with what is known of Kuwait's investment policies, but also with those of other OPEC countries seeking to diversify their investments.

Although no official clearance by the West German Government is required, there can be little doubt that Kuwait's decision to increase its stake in Metallgesellschaft has been closely watched in Bonn.

Political sensitivities to foreign shareholding in strategic German companies were illustrated in 1975 when Deutsche Bank swept in to take up a major stake in Daimler-Benz, thought to be worth around DM 2bn, in order to ensure that the holding would not be sold to the Shah of Iran. The seller was the Flick family.

The dramatic change since then in West Germany's economic situation, particularly as a result of rising oil prices, has made the prospect of direct commercial links with the oil-producing States more attractive. By the same token, German interest in Mexico is also running high.

Yet there is also sensitivity towards the extent of foreign influence in strategic German companies, particularly in the light of recent history which has demonstrated the potential political instability of some OPEC producers.

Metallgesellschaft itself can be expected to profit commercially from the transaction. Key executives say there is scope for expanded business relationships with Kuwait and speak of "lively contacts" with the Kuwaitis since they acquired the initial 10 per cent holding.

WHERE METALLGESELLSCHAFT SALES AROSE IN 1978-79

	DMbn	%
Metals	3.8	48
Manufacturing	1.7	22
Plant/Contracting	1.2	15
Chemicals	0.9	12
Transport	0.2	3

The most immediate advantages could come in terms of orders for Lurgi, Metallgesellschaft's process plant engineering subsidiary.. But there is also talk of co-operation in investment in raw matreials projects in developing countries. Metallgesellschaft has a 7.5 per cent stake in the $1.3bn Ok Tedi gold and copper mining project in Papua New Guinea. Clearly the Kuwaitis can hope to benefit from the German company's expertise in such projects. Metallgesellschaft has a substantial international presence, and earns about half of its total turnover of DM 8.8bn from overseas markets.

Dresdner Bank's decision to sell 10 per cent of its stake in the company follows a number of similar announcements by German banks that they intend to dispose of major shareholdings.

Among factors which have been influencing the banks in considering disposals of portions of their substantial shareholdings in major German companies is the possibility that legislation may be enacted to require a substantial reduction in these holdings.

Voluntary partial disposal could help to take some of the political heat off the banks while leaving them with the size of shareholding they feel most comfortable with.

In addition, however, the banks can reinforce their reserves with the capital profits from sales of portions of their holdings (probably without any tax liability because of losses incurred on fixed interest investments) at a time when profits have been under pressure but capital requirements are expanding.

One factor here is changes expected in German bank capital ratios as a result of expected legislation governing consolidated accounts.

Profits recover at Wilhelmsen

BY FAY GJESTER IN OSLO

WILHELMSEN, NORWAY'S largest shipping group, reports a marked recovery in profits for 1980 thanks to the success of its new liner vessels, good results from offshore trading (Wilhelmsen has four rigs and 13 supply ships) and firm rates on the dry cargo market.

Moreover, with most of the fleet already "ensured" profitable employment throughout 1981, the group expects satisfactory results this year as well.

Operating results before depreciation, amounted to NKr 420m ($80m) compared with NKr 304.7m. Profit before tax, including extraordinary income from ship sales and after depreciation and financial costs, was NKr 120m compared with a deficit of NKr 27.5m in 1979.

Gross freight earnings climbed to NKr 2.6bn, from NKr 2.1bn. Finance has been arranged both for new ships acquired during 1980 and for new building contracts. Group liquidity was further strengthened.

The improved results were achieved despite a strike by mobile rig crews, difficult wage negotiations and the Iraq/Iran war, which disrupted the Middle East liner trade.

● Nokia, one of the largest private industrial groups in Finland, with interests in the engineering, rubber, forest, electronics and plastics industries, reports improved sales for 1980. The result, said Mr. Kari Kairamo, the managing director, "was relatively good."

Foreign operations did particularly well. They accounted for 52 per cent of the net sales of FM 4.6bn ($1.17bn). Better operating margins led to improved profitability.

The main negative feature of the year was the rise in financing costs. However, in spite of the recession, "prospects for 1981 are on the whole quite good."

The metal sector, electronics included, recorded a net turnover of FM 2.4bn and improved profitability. For the first time, exports accounted for more than domestic sales. Exports to both the Soviet Union and the West developed favourably.

Two issues on German capital market

By Our Financial Staff

TWO MAJOR issues will be launched on the German capital market in the next few weeks. The Federal Railway is to raise between DM 600m and DM 800m, and an offering in the range of DM 800m is expected from the Federal Post Office.

Terms of the railways issue are due to be announced on Thursday of this week. The funding by the Bundespost will be unveiled early next month.

The new issues are being made in the wake of a recent long-term bond offering by the German Government which raised DM 1,5bn over ten years on a coupon of 9 per cent. This issue was priced at par.

FNAC sees higher earnings and sales

BY DAVID WHITE IN PARIS

FNAC, THE specialised discount store group which became a publicly quoted company last year, expects a sharp recovery in profits and a 20 per cent increase in sales in the 12-month reporting period ending on August 31.

The group, which as a result of expansion costs and the shedding of much of its household electrical goods department suffered a 20 per cent fall in consolidated net earnings in its last financial year, expects profits to start rising at a faster rate than sales.

It is planning a sharp increase in the dividend. The majority of its shares are held by a group of consumer co-operatives. For the last financial year, the net dividend was raised to FFr 10 ($2.15) from FFr 9.50 despite the lower profits.

Turnover in the first quarter of FNAC's current year was 21 per cent up. The group, a leading retailer of books, records, hi-fi, photographic and sports equipment, is planning to develop its interests in electronic gadgetry.

Several new stores in the French provinces, and one in Brussels, are scheduled to open this year and others are being planned. The Brussels store will be FNAC's first operation outside France.

● Bouygues, the French public works and construction group, estimates net consolidated income for 1980 at about FFr 145m ($31m) an increase of 38 per cent on the 1979 result of FFr 105m. Sales rose by 35 per cent to FFr 7.5bn.

The company intends to increase its capital by a one-for-three scrip issue. The new shares will be eligible for the 1980 dividend, which will be maintained at the FFr 21 net a share. Bouygues will pay an interim 1980 dividend of FFr 10 net.

Swiss employment agency in U.S. acquisition

BY JOHN WICKS IN ZURICH

ADIA INTERIM, the Swiss temporary-employment group, has acquired the U.S. company, Vencap, which operates a chain of 35 employment agencies on the West Coast under the name Thomas Temporaries.

The takeover of Vencap, whose annual turnover is $25m, means an expansion of the Adia network to about 500 offices in 11 countries.

In 1979, the last year for which figures are available, the Adia group showed a consolidated turnover of SwFr 622.4m ($345.7m). One of its major subsidiaries is Alfred Marks of the UK.

● A shareholders' meeting of Citrique Belge, the Belgian citric acid manufacturer, has decided in principle to accept a rescue plan put forward by the Swiss parent company, Hoffmann-La Roche. This foresees about 200 redundancies and a cutback in production. Roche said last month that "radical reorganisation" was necessary if Citrique Belge was not to go into liquidation.

The Belgian company's management has informed trade unions and the Government of the provisional decision.

● Egon Zehnder International, the Zurich-based business consultancy, is to open offices in Helsinki and Frankfurt, after the establishment last year of offices in Geneva, Chicago and Singapore.

The Zehnder organisation, which now operates 18 offices in 15 countries, reports a 21 per cent rise in turnover for 1980 to SwFr 29m ($16.02m).

RWE plans to raise capital

By Our Financial Staff

RWE, THE major West German utility, is contemplating as many as two capital increases before 1985 to finance an upsurge in investment which is expected to top DM 25bn ($12.5bn) over the next four years.

Herr Friedhelm Gieske, Board member in charge of finance, said that the parent company would invest DM 15bn and the group would invest a further DM 10bn. In addition, a further DM 3bn "may be invested" in nuclear power plants, he said.

A capital increase for 1981 was ruled out but "as many as two capital raising exercises" could eventually be launched to bring DM 1.2bn in new capital.

Bic turnover up

BIC, the disposal pen and razor group, reports higher sales for 1980 with group turnover rising to FFr 3.22bn ($694m) from FFr 2.49bn, a gain of almost 30 per cent. The company explains, however, that on a comparable basis, excluding acquisitions, sales last year were 21 per cent higher.

JOBS COLUMN

Making sense of intelligence

BY MICHAEL DIXON

MUCH HIGHBROW snickering has been going on at managers' expense as a result of two recent statements about methods of selecting people for executive jobs in Britain.

The first was made by a big company in response to a survey by the institute of Personnel Management. The company said it saw no need to use tests of Intelligence Quotient as part of its process for choosing managers, because it was "not necessarily intelligence we are looking for."

Within days of the publication of the survey containing those words, four people poked me donnishly in the ribs and intimated that we now knew the truth about this country's poor industrial performance, didn't we, eh?

The second statement came in the summary of a piece of research reported to the conference of the British Psychological Society. The research showed that trainee managers with higher IQs did less well, on balance, than trainees with lower IQs at tests of "management skills" such as decision-making. So, the Psychological Society's summary told us, "employers may be putting too much reliance on intelligence when selecting management trainees, and therefore be denying less bright people the chance of a job they might do even better than someone cleverer."

Boggled

That finding was widely reported in the Press, and I have heard many comments on it. As a result, while the old ribs have remained unpoked this time, the mind has been boggled. For most of the reaction has apparently again been to the effect that British industry, having been shown to be stupidly run, needs to have its management practices radically reformed and taken over by intelligent people, such as those who run the Civil Service.

This suggests to me that, since it is important for industry to be managed by the people best equipped for the work, we are in dire need of a new kind of intelligence test. So the Jobs Column has devised one consisting of just three questions, and hopes that readers will have a shot at it.

First, please consider the company's response to the survey in the light of the Psychological Society's research summary, and answer the following question. Can these two statements, taken together, be sensibly interpreted to mean that British industrial management is unintelligent?

Any reader who has answered "yes" is, I'm sad to say, already on the way to failing my test. For if the research findings as reported by the society are right, then the company in the survey is clearly being intelligent in not necessarily looking for intelligence when selecting its managers.

Now to the second question. Do the statements mean that managers are less "bright," in the sense of having less general intelligence, than "cleverer" people such as those who do surveys for the Institute of Personnel Management or research which gets reported at the British Psychological Society's conference?

Again the intelligent answer is "no." But readers who replied in the affirmative should not be too quick to order a cab to the nearest home for mental defectives. For in answering "yes," they were probably merely reflecting a misunderstanding which is extremely common among people, such as managers, with better things to do than to try to make sense of the pronouncements of so-called social scientists.

The psychological variety thereof are themselves much to blame for this misunderstanding, because they frequently—and, to my mind, irresponsibly—fail to spell out what they mean when they use the words "intelligence" or "brightness" or "cleverness."

When we ordinary folk hear that one person is more intelligent than a second person, we tend to take it to mean that the first person has a greater general mental ability. This attribute might be described as a superior ability to learn, quite regardless of whatever may need to be learnt.

But this was not the meaning of the word "intelligence" as it was used in the company's reply to the survey and in the research summary. There it was used in a far more restricted sense, to mean not general mental ability, but only the narrower range of intellectual skills which are measured by testing of the IQ type.

Now to my third question. Can the two statements therefore be sensibly taken to support an argument that managerial jobs need to be radically reformed and taken over by more intelligent people?

Yet again the answer is "no."

Disagreement

For while it might be "yes" if we were able to assess people in terms of general intelligence, we have as yet no means of doing so. The world's psychologists are still unable to agree even on whether such an attribute as general intelligence exists in any living, breathing man or woman.

Some believe it is merely a myth, maintaining like Professor Joy Guilford that "The very popular conception that intelligence is learning ability, and that it is a universal ability, regardless of the thing learned, has definitely been exploded by a number of experiments."

Others maintain that, although what general intelligence is remains undefined, it does actually exist somewhere. Moreover, while it must be made up of a greater range of mental skills than those measured by IQ testing, there must be a positive association between the IQ skills and the as yet unmeasurable "universal ability." Of the numerous psychologists who incline to this view of the matter, probably the best known is Professor Hans Eysenck.

But that does not mean that he subscribes to the view that higher IQ—a characteristic which generally distinguishes graduates from non-graduates—is necessarily a guarantee of superior managerial ability.

"In most jobs there is a ceiling on the required IQ, as differentiated from other qualities needed," he told me a while ago. "It is rather like driving. You will probably be able to drive adequately if you have an IQ of only 80. But you will not be able to drive any better just because your IQ is much higher.

"For another example, to work as a personnel manager the need is for an IQ of no more than 115, but also for well developed other qualities such as responsiveness to people. A higher IQ, is no substitute for the other qualities. And where the result of selecting people primarily on educational attainment is to put them into a job for which their IQ is too high and they are also ill equipped in other ways, then the effects can be bad.

"This can be a mechanism for increasing anxiety, which could lead to the personality concerned becoming highly stressed and, given an unstable tendency, developing neurosis."

That view of course supports the message of the survey reply and the research summary that where managerial—as distinct from highly intellectual specialised—work is concerned, high intelligence of the IQ kind is not needed. But that is surely no reason why anyone should go around stating that management is something which the "less bright" can perhaps do even better than "cleverer" people.

To say things like that, as I'm sure even psychologists must be aware, is to invite the general public to draw utterly false inferences. It is also to disparage a kind of work which is vital to society. So the British Psychological Society needs to rule that its members should stop referring publicly to the narrow range of skills measured by IQ as "brightness," "cleverness," or even "intelligence" unless they also spell out the restricted sense in which the word is used.

The reality is that good management requires, not less, but a greater intelligence—the sort defined by Wechsler as: "The aggregate or global capacity of the individual to act purposefully, to think rationally, and to deal effectively with his environment."

COMPANY NOTICES

Companies and Markets — INTL. COMPANIES & FINANCE

MATSUSHITA

VTR boom raises sales and profits

BY YOKO SHIBATA IN TOKYO

MATSUSHITA Electric Industrial Company, Japan's largest consumer electric appliance manufacturer, has reported a rise of 16.8 per cent in operating profits for the year ended November 20 to Y136.22bn ($673m), at the parent company level. Net profits were Y73.15bn, up 11.6 per cent, on sales of Y2.015bn ($10bn), up 16 per cent. Per share profits were Y58.05, compared with Y55.13.

With strong VTR sales as an impetus, Matsushita is expecting double figure growth both in sales and earnings for the current year. Operating profits are projected at Y156bn, up 14.5 per cent, on sales of Y2.250bn, up 11.6 per cent over 1979-80.

The 1979-80 sales boost reflects a 59 per cent increase in exports to account for 24.5 per cent of the total. Domestic sales, however, were up only 7 per cent or 75.5 per cent of the total turnover. Buoyant sales of video tape recorders (VTRs) and colour television sets in the Middle East and an improvement in sales of audio equipment, radio cassette tape recorders, measuring machines, and electronic parts to other overseas markets brought the export upsurge.

The company's VTR production line operated at full capacity — and could not meet demand. The effect of mass production on VTR profitability covered lower profitability of consumer electric appliances, which were hit by the cold summer and reduced consumer spending.

The effect of a higher yen in the foreign exchange market in the second half of the year was matched by exchange gains stemming from its depreciation in the first half. Net financial revenues reached Y35bn against Y33bn resulting from the deployment of Y500bn in capital markets.

Japan's VTR production, dominating the world market with a share of 90 per cent, was raised to 4.3m units last year from 2.15m in 1979. It is projected to reach 6.5m this year, with a domestic penetration rate of 6-7 per cent and 4 per cent in the U.S. and European markets. The company expects the penetration rate in Japan to grow to 60-70 per cent eventually. Because of the strong growth prospects of the VTR market, the company is planning for capital outlays of Y65bn this year, against Y47bn in 1979-80. Most of this is designated for the expansion of VTR production.

Matsushita is confident of tiding itself over the impact of the yen's appreciation this year. An increase in export prices will not damage the competitiveness of VTRs and audio equipment, according to the company.

ACI in A$240m bid for Acmil

BY OUR SYDNEY CORRESPONDENT

AUSTRALIAN Consolidated Industries (ACI) yesterday launched the biggest industrial takeover offer in Australian corporate history by unveiling an A$242m (US$285m) bid for Acmil, the building and industrial supplier.

The offer is three ACI shares and 90 cents cash for every five Acmil shares, valuing Acmil shares at A$1.56 each. ACI, secure in the knowledge that the Acmil Board has welcomed the bid, is also offering a cash alternative of A$1.38 for each Acmil share.

The merger would bring two of Australia's biggest diversified industrial companies together.

Acmil had been under the corporate microscope for some time as a possible takeover target with its share price trying to keep pace with a net tangible asset backing of A$1.01 a share. The company has reported four years of healthy profit growth but has been struggling to keep its share price much above the A$1.05 traded recently. On a price-earnings ratio of 5.5 the group is a particularly attractive target.

Late in 1979, Acmil was involved in an abortive merger move with Brambles Industries, which failed after Brambles breached stock exchange listing requirements.

ACI was also the subject of speculation concerning a possible bid, but if the Acmil merger succeeds, the company's capital will almost double to A$220m, making it too large a target for all but a handful of companies to contemplate.

Sir Andrew Grimwade, the chairman of ACI, said the merger was a major step forward for both companies, and would result in an Australian-owned company with a broader base both for operations in Australia and for competition in overseas markets, particularly the Pacific Basin.

"Both companies have shown excellent growth over the last four years. There are many complementary activities, especially in the Australian building industry and in south-east Asia," he said.

Over the next two or three years, Acmil would continue to operate separately, until rationalisation plans were worked out.

On Friday, Acmil advised shareholders not to sell, because it was holding negotiations with two parties, but although the other group may have been offering a higher price than ACI, it was prepared to bid only for 25 per cent of the group's capital.

Metcash buys interest in Dion Discount retail chain

BY JIM JONES IN JOHANNESBURG

METRO Cash and Carry (Metcash), the R500m ($665m) turnover, South African cash and carry wholesaler, has acquired a 30 per cent interest in the unquoted Dion Discount Centre discount retail chain for R11.5m ($15.3m). Dion is one of South Africa's larger retailers of furniture and household goods, and expects to report a turnover of R140m for the current year, to June 30.

The terms of the acquisition are payment of half the purchase price in cash, and half by the issue by Metcash of 9 per cent redeemable convertible preference shares of R1 par value. The preference shares are convertible at the Dion vendors' option up to April 30, 1984, at a rate of 26 preference shares for one Metcash ordinary share. However, if the conversion option is exercised, Kimet, the stores group, which owns 50 per cent of Metcash's equity, has a right to acquire half of any new ordinary shares issued, in exchange for new shares in itself at a rate of nine Kimet shares for each Metcash share taken up.

Metcash is raising the R5.75m cash portion of the purchase price by an issue of variable rate redeemable cumulative preference shares at an initial 6.75 per cent coupon.

At present, Dion has 15 stores, mainly in the Transvaal, and is expanding its operations to give it nationwide coverage. Mr. Lionel Katz, Metcash's chairman, believes Dion's growth potential is good, particularly as, with the electrification of Soweto, black consumers are expected to increase their spending on durables and semi-durables. Mr. Katz does not believe that the acquisition of a stake in Dion will put Metcash in conflict with its existing clients who are mainly retailers of foodstuffs and consumer non-durables.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill, Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
A P Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½ %
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	§14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11½%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.

Headphone tape-recorders boost Aiwa

By Our Tokyo Correspondent

AIWA, the Japanese audio equipment maker, an affiliate of Sony—which has a stake of over 50 per cent, increased its operating profits 8.23 times to Y1.51bn ($7.4m) in the fiscal year ended November 30. The rise reflects explosive sales of portable cassette tape-recorders with headphones.

Aiwa's net profits rose by 192.7 per cent to Y715m, on sales of Y46.51bn ($230m), up 20.7 per cent. Profits per share were Y19.57, against Y6.69. The company has declared a final dividend of Y3, making a total for the year of Y6, against Y5 previously.

During the year, sales of mini-component stereo equipment fared well both in the home market (up 14 per cent) and in the European market (up 33 per cent). The company introduced cassette tape-recorders with headphones in June last year and sold as much as 110,000 units in the six months to November.

The company hedged against the yen's appreciation by making export contracts in the forward exchange market.

For the current year, the company expects lower export profitability resulting from the yen's appreciation. However, continued buoyant sales of cassette tape-recorders with headphones (currently with a monthly production of 30,000 units) and mini-component stereo equipment are expected.

For the full year to November, Aiwa's operating profits are projected at Y1.8bn, up 19.5 per cent, and net profits at Y950m, up 32.8 per cent, on prospective sales of Y55bn, up 18 per cent over the 1979-80 year. The company plans to increase the interim dividend by Y0.5 and to pay a final dividend of Y7.00 to mark the 30th anniversary of its founding.

Toyo Kogyo tops 1m

TOYO KOGYO, the makers of Mazda cars, in which Ford Motor of the U.S. has a 25 per cent interest, said its vehicle output in 1980 exceeded 1m units for the first time, reflecting good export sales, reports Reuter from Tokyo.

Annual output in 1980 rose 15.4 per cent to 1.21m units, from 971,421 in 1979. The total comprised 736,544 cars, up 13.8 per cent over 1979, and 384,472 trucks, up 18.5 per cent.

Exports in 1980 rose to 20.4 per cent to 699,207 units, from 580,967, but domestic sales fell by 3 per cent to 392,369 from 404,639. Exports to the U.S. rose by 20.3 per cent to 270,964, including supplies of trucks to Ford of the U.S., while those to western Europe rose by 12.4 per cent to 189,502.

Brazil halts exports of coffee

By Our Commodities Staff

BRAZIL HAS halted coffee exports for the first quarter of this year to consumer countries belonging to the International Coffee Organisation. Announcing this at the weekend, the Brazilian Coffee Institute (IBC) simultaneously opened registrations for May.

The institute gave no reason for the suspension but traders in Rio de Janeiro thought it was because the country's first-quarter ICO quota of 3.3m bags (60 kilos each) had been used up.

Minimum prices for April and May exports range between $1.75 and $2 a pound depending on grade and port of shipment.

In Hamburg, Bernhard Rothfos, leading German coffee trading company, forecast that the excess supply which has kept world prices down in recent months will soon be over.

In its latest report Rothfos said the supply-demand imbalance "will undoubtedly not continue after April."

Accelerating demand since mid-December had encountered an undersupplied market because of relatively heavy exports in the final quarter of last year and subsequent exceeding of ICO quotas by some exporting countries, the report said.

It tentatively estimated the excess of demand over supply from October to March at about 2m bags.

Greenland salmon study

A STUDY team just back from an expedition to the waters of west Greenland where large numbers of salmon which would otherwise return to their British and Canadian spawning rivers are caught by local and Danish fishermen believes changes are needed to minimise the damage done by this fishery.

The team's report, presented in London yesterday by Vice Admiral Sir Hugh Mackenzie, chairman of the Atlantic Salmon Trust, recommends the adoption of a flexible quota system based on biological assessment of stocks; a later season so that fewer, larger salmon need be caught to fill the quota; greater education of Greenlanders on salmon conservation; and investigation of the feasibility of salmon "ranching" in the area.

Denmark, which governs Greenland, should make some contribution to salmon conservation

Big losses in base metals after Iran hostage deal

BY JOHN EDWARDS, COMMODITIES EDITOR

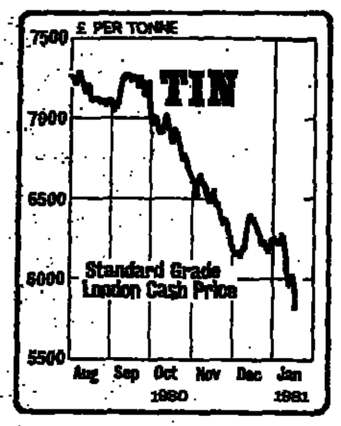
BASE METAL prices suffered heavy early losses yesterday after news of the agreement to release the U.S. hostages in Iran.

Although the markets subsequently rallied in line with the recovery in gold, most prices were still down at the end of the day and tin and lead were at the lowest level since early 1978.

Tin was particularly affected in early trading, both by a sharp fall in the Penang market over the weekend and by an unexpectedly high rise in LME warehouse stocks.

The decline in the Straits tin price in Penang to 31.10 ringgits per kilo means that it is now quite close to the International Tin Agreement's lower price range (27.28 to 30.01 ringgits) at which the buffer stock manager can start trading as a net buyer in order to defend the "floor" price.

It is anticipated that the recent increased offerings in Penang, which has put the market under such pressure, may be maintained prior to the forthcoming Chinese New Year holiday.



At the same time there are reported to be fresh supplies of tin already on their way to the LME warehouses in Europe.

The 1,115 tonnes rise in tin stocks last week increased total holdings to 6,320 tonnes, emphasising the surplus of supplies currently available. Cash tin fell by some £150 in early trading but then rallied to close at £5,820 a tonne, £82.50 down on Friday's close

There was no such recovery in lead. Despite a fall in warehouse stocks of lead, which declined by 2,575 tonnes to a total of 71,650 tonnes, the market opened lower following the trend in copper.

But while other metals were recovering later, lead was hit by news that Asarco had lowered its U.S. domestic selling price by 2 cents to 32 cents a lb.

This further cut in the U.S. price reflects the depressed demand for lead at present. present, especially in North America.

Zinc prices held remarkably steady in the circumstances. Zinc stocks held in LME warehouses rose once again, by 1,700 tonnes, increasing total holdings to a hefty 90,375 tonnes. But cash zinc only closed £5.5 lower at £322 a tonne.

Copper stocks also rose by 1,500 tonnes to a total of 122,650 tonnes. The market, however, rallied in line with gold in the afternoon and cash wirebars closed £4.25 lower at £775 a tonne.

Aluminium stocks dropped by 2,400 to 59,000 tonnes and nickel by 210 to 4,176 tonnes. LME silver holdings fell too by 240,000 ounces to 26,340,000 ounces.

Spanish plea for drought aid

BY OUR MADRID CORRESPONDENT

SPANISH FARMERS have appealed for emergency Government relief after gales and surprise frosts wreaked havoc with crops already badly hit by a severe drought.

The Agriculture Ministry estimates that losses have reached Pta 22bn (£113m) and has promised to aid the worst-hit regions in the south where there has been no rain since July.

Throughout Spain, reservoirs are filled to less than 50 per cent of capacity, 19 per cent less than at the same time last year, and the anti-drought measures, which normally mark the country's scorching summers, are being hurriedly implemented.

Recent gales, which have added to the general state of alarm, caused considerable damage to winter crops grown under glass and plastic in the southern province of Almeria. Initial estimates were of losses in excess of Pta4bn.

But so far the main losses have been caused by severe frosts in the olive-growing provinces of Jaen and Cordoba and, to a lesser extent, in the citrus areas of Valencia and Seville. Olive losses in Jaen have been estimated at Pta3bn. But olive growers say the losses are Pta9bn.

Agricultural experts say the main corn growing belt of central north Spain has not been affected so far.

Dutch flower ban raised

BY OUR COMMODITIES STAFF

The Ministry of Agriculture has been too hasty in removing the import ban on Dutch chrysanthemums, imposed because of disease fears, according to the National Farmers' Union.

The ban was imposed on December 16 after imported Dutch plants had been found infected with chrysanthemum white rust and American leaf miner, both serious plant pests which are not established in Britain.

The ban has been lifted for a four-week trial period, beginning yesterday, after the improvement of Dutch plant health precautions.

Imports will be restricted to Dutch nurseries found during a special inspection to be free of the pests. Two British ministry inspectors have been stationed in Holland to check the operation of the new measures.

But the NFU believes there is still cause for concern and its central horticultural committee has passed a resolution deploring the lifting of the ban after only one month.

Recovery after sugar price fall

By Richard Mooney

THE FALL in world sugar values continued yesterday morning but prices rallied quite strongly in the afternoon. Another £10 was trimmed off the London daily raws price, taking it to £250 a tonne, and on the London futures market the May quotation, which fell £25 last Friday, lost a further £18 at one stage.

Dealers attributed the fall to "bearish" chart patterns encouraging speculative liquidation. But they said many speculators were hoping to re-enter the market at lower price levels and this prophecy was borne out in the afternoon when prices recovered substantially.

By the close May sugar was quoted only £8.025 down from the pre-weekend level at £265.725 a tonne.

Dealers cited the weakness of the dollar as a factor in the afternoon's rise. There were conflicting views on the market significance of the resolution of the Iran hostage crisis. Some thought it would have a bearish influence but others said it had been entirely discounted as a market factor.

In Tokyo, sugar traders confirmed reports that Japan had cancelled contracts of 155,000 tonnes of Philippines sugar which was due to be delivered this year. The reports had been largely responsible for last Friday's sharp price decline.

The request to cancel the contract originally came from the Philippine Sugar Corporation

India to import more rubber

NEW DELHI — India's State Trading Corporation is seeking Government clearance for the import of an extra quantity of natural rubber by the end of the current season (April-March).

The proposed imports will be in addition to 5,100 tonnes already purchased in Malaysia and Singapore this season, including about 2,200 tonnes contracted in the past week.

Corporation officials said future imports would be used to build a 10,000-tonne buffer of natural rubber, but said the immediate priority was to meet an officially estimated domestic shortage of 25,000 tonnes in the current season.

Reuter

FATS AND OILS

Poor countries told to help themselves

BY BRIJ KHINDARIA IN GENEVA

ADVANCED INDUSTRIAL countries are playing a diminishing role in world trade in oils and fats, and a new United Nations report advises developing countries to turn to one another for growing markets.

The report written by Mr. V. C. Pandey for the International Trade Centre (ITC) says the demand by industrialised countries for oils and fats is likely to increase only slightly, continuing a trend started in the 1970s when several developing countries emerged as large producers because of investments made in the preceding decade.

The centre, headed by Mr. P. C. Alexander, promotes economic development through trade and offers technical advice to developing countries.

After surveying demand in 15 major third world importers and production and markets in seven major developing country exporters, Mr. Pandey predicts that the third world will increase its demand for oils and fats by at least 1m tonnes by 1985.

Imports of oils and fats by developing countries already stand at about 7.5m tonnes, worth $5.3bn, compared with total world imports of 24.5m tonnes, worth $21.5bn.

A symposium on oils and fats organised by the centre in New Delhi last month recommended that by 1985 Third World importers should buy at least half their oils and fats from other developing countries, and exporters should make at least half their sales to other Third World countries.

MALAYSIAN crude palm oil production in 1980 is expected to have reached a record 2.56m tonnes, up from 2.19m in 1979, reports Reuter from Kuala Lumpur.

In its preliminary estimate for last month's production, the Palm Oil Registration and Licensing Board said Peninsular Malaysian production is estimated at 2.38m tonnes against 2.03m in 1979. East Malaysian output is forecast to have risen to 178,000 tonnes from 155,000.

The symposium pointed to several important trends which will be strengthened in the future with the help of the centre.

Most developing countries cannot reach self-sufficiency in oils and fats but they are moving towards planned imports under long-term trade agreements, which guarantee security of supplies and markets for exporters. In some cases, exporters are asked to buy goods made in the importing country to enable it to raise foreign exchange.

Because of the increasing importance of trade among developing countries governments will increasingly deal with each other through state-run trading organisations, bypassing traditional commodity brokers who are not considered impartial enough to promote the interests of Third World clients.

Developing countries have agreed to review tariff and non-tariff barriers to trade in oils and fats and will continue consultations on research and development into finding new uses for these products.

Trade is seen as having been dominated by the needs of industrialised countries. Now developing countries wish to explore the possibilities of increasing their own capacity to process raw oils and fats using machinery and techniques developed in the third world.

In most poor nations, oil and fat imports place a heavy burden on national treasuries because of the need to subsidise sales to consumers.

Oils and fats are vital parts of the diet in most poor nations but only about 14 importing countries are able to provide more than the minimum 5 kg per person needed for adequate nutrition.

The U.S. remains the world's biggest user of oils and fats but its per capita consumption has stagnated at about 26 kg. The Common Market's per capita consumption is expected to rise from about 26 kg in 1974 to 27.4 kg in 1985.

Record grain output forecast

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD GRAIN production should exceed consumption in the 1981-82 season (July-June) because of increased plantings, unless weather conditions are unusually poor, according to an early assessment by the U.S. Department of Agriculture.

With normal weather patterns, the department forecast world wheat and coarse grain output in 1981-82 could set a new record. But it noted that weather conditions had not been favourable to the winter wheat crop so far this season.

Including rice, world grain production in the current 1980-1981 season is now projected at 1.4bn tonnes, compared with consumption of 1.45bn. Closing stocks are expected to decline to 150m tonnes against 190m tonnes previously.

However, stocks are expected to build up again in 1981-82 as a result of higher prices encouraging higher plantings and a slowdown in the growth of livestock feeding.

Limited supplies, for example, are expected to restrict any increase in the Soviet Union's livestock population.

The department said current and prospective grain prices would tend to support a shift from oilseeds to grain, especially wheat, in several major exporting countries.

A geographical shift in stock availabilities could occur if the Soviet Union harvested a good crop and continues grain imports at a high level to replenish its depleted grain stocks, the department said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on the London Metal Exchange. After opening at £806 three months came under pressure throughout the morning as a decline in gold and short selling depressed the price to a day's low of £791. However, good trade interest was noted at this level and thereafter the market edged higher with forward metal closing the late kerb at £787.5 aided by a firm opening on Comex. Turnover 23,400 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	767-9	-14.5	774.5-5.5	-4.25
3 months	791-2	-11.7	798.5-9	-1.5
Settlem't	769	-14	—	
Cathodes				
Cash	748-50	-10.5	755-6	-2
3 months	771-2	-11.2	776-9	-2
Settlem't	750	-10	—	......
U.S. Prod	—		*88-82.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £798, 97, 96, 95, 94, 93, 92, 91, 92, 93, 93.5, 92, 91. Cathodes, three months £772. Kerb: Wirebars, three months £792, 92.5, 93. Afternoon: Wirebars, three months £798, 97, 97.5, 97, 98, 99, 98.5, 98, 98.5. Cathodes, three months £777. Kerb: Wirebars, three months £798, 98.5, 97.5, 98.

TIN—Fell away following another substantial decline on the Penang market over the weekend and, also reflecting a sizeable increase in warehouse stocks. Three months standard metal opened at £6,010 but met selling throughout the morning which depressed the price to the day's low of £5,905. However, a rally in copper coupled with U.S. physical interest prompted a recovery which left forward metal at £5,970 on the late kerb. Turnover 1,000 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5750-5	-180	5810-30	-82.5
3 months	5905-10	-167	5970-80	-82.5
Settlem't	5755	-180	—	......
Standard				
Cash	5750-5	-180	5810-30	-82.5
3 months	5905-10	-157	5970-80	-82.5
Settlem't	5755	-180	—	......
Straits E.	$31.10	-8.48	—	......
New York	—	......		

Morning: Standard, cash £5,755, 50, 45, 50, 55, three months £5,940, 30, 15, 10, 05, 10. Kerb: Standard, three months £5,920, 30, 60, 50. Afternoon: Standard, three months £5,975, 80, 90, 80, 75, 70. Kerb: Standard, three months £5,975, 70.

LEAD—Lost ground as the weakness of other metals was followed by a 2 cents cut in Asarco's producer price. Three months opened at £295 and fell away throughout the day—with American selling in evidence—to close at a low of £286.5. Turnover 20,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	280-.5	-7.5	276-7	-10
3 months	292-.5	-7	288-.5	-10
S'ment	280.5	-7.5	—	......
U.S. Spot	—	......	*37-9	......

Morning: Three months £294, 95, 94, 92, 91.5, 92. Kerb: Three months £292, 91, 92. Afternoon: Three months £293, 92, 91, 90, 89, 89.5, 89, 88.5, 88. Kerb: Three months £289, 88.5, 88, 87.

ZINC—Drifted from £337 to a day's low of £332 with chartist selling noted as the metal dipped through £335. However, the £332 level attracted good trade buying interest and lifted forward metal to £335.5 by the close of the afternoon kerb. Turnover 10,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	319.5-20	-9	321.5-2.5	-5.5
3 months	332.75-3	-8.87	334.5-5	-5
S'ment	320	-9	—	......
Primw'ts	—	......	*41.5	......

Morning: Cash £325, three months £336, 35.5, 34, 35, 34.5, 34, 33. Kerb: Three months £332, 33. Afternoon: Three months £333.5, 33, 34, 34.5, 35. Kerb: Three months £334.5, 35, 38.

ALUMINIUM—Little changed. Forward metal dipped from £615 to £610 in early trading, reflecting the decline in copper, but subsequently rallied on light fresh buying to close the afternoon kerb at £616. Turnover 8,050 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	589-91	-5.6	594-5	-.25
3 months	610-1	-5.75	614.5-5	-.75

Morning: Cash £591, three months £614, 15, 14, 12, 11. Kerb: Three months £610, 11. Afternoon: Cash £594, three months £612, 11.5, 12, 13.5, 14, 14.5, 15. Kerb: Three months £614, 14.5, 15, 16.

NICKEL—Easier following the rise in sterling which saw forward metal ease from £2,650 to £2,610 before a close of £2,617.5 on the late kerb. Turnover 402 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2590-5	-54	2630-45	-2.50
3 months	2605-15	-55.5	2615-25	[illegible]

Morning: Three months £2,630, 25, 10. Kerb: Three months £2,610. Afternoon: Cash £2,640, three months £2,625, 27, 20. Kerb: Three months £2,625, 15.

* Cents per pound. † M$ per kilo. ‡ On previous unofficial close.

SILVER

Silver was fixed 6.25p an ounce lower for spot delivery in the London bullion market yesterday at 614.85p. U.S. cent equivalents of the fixing levels were: spot $14.849, down 5.1c; three-month $15.577, down 0.8c; six-month $16.205, down 8.8c; and 12-month $17.26, down 4.3c. The metal opened at 611p-620p ($14.75-$14.95) and closed at 632p-642p ($15.25-$15.45).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	614.85p	-6.25	637.0p	+12.5
3 months	636.85p	-5.85	659.0p	+12.5
6 months	659.0p	-4.7	—	
12months	700.0p	-3.2	—	

LME—Turnover 189 (231) lots of 10,000 ounces. Morning: Cash 615, 18, three months 636, 37, 38, 36, 38, 37.5, 39. Kerbs: Three months 638, 37. Afternoon: Three months 660, 63, 65, 67, 66, 65.5, 58, 59, 65, 59. Kerbs: Three months 662, 60.

COCOA

A little easier at the opening cocoa futures found renewed interest from buyers during the afternoon session and closing prices were near the highs of the day. Physicals attracted some manufacturer interest but producers remained withdrawn and await a more substantial rally, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	869-870	+3.0	872-858
May	894-895	+6.0	897-883
July	917-918	+6.0	920-908
Sept	939-940	+6.0	941-931
Dec	968-970	+3.5	970-960
March	990-994	+4.5	986
May	1008-10	+1.5	1006

Sales: 2,239 (1,376) lots of 10 tonnes.

ICCO Futures—Daily price for Jan. 16 95.07 (95.78): 10-day average 95.55 (95.72); 15-day average 96.24 (96.33).

COFFEE

In line with expectations gains of £10 were registered during a quiet opening call, reports Drexel Burnham Lambert. However, the easier tendency throughout the afternoon reflected steadier currency factors and in poor volume values finally finished between £2-£11 lower.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
January	1020-25	-5.0	1040-28
March	1041-43	-6.5	1060-38
May	1051-53	-11.0	1074-51
July	1065-68	-5.5	1085-65
Sept	1078-80	-3.5	1097-74
Nov	1077-85	-3.0	1100-90
Jan	1075-00	-2.5	—

Sales: 1,599 (2,083) lots of 5 tonnes.

ICO Indicator prices for January 16: (U.S. cents per pound): Other Mild Arabicas 132.33 (same); Robustas ICA 1976 123.38 (124.00). ICA 1968 123.63 (124.25). Unwashed Arabicas 223.00 (same). Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged to 10p higher on wheat, values increased sharply on good steady buying support from commercial sources, and despite country selling closed steady 55p-70p up on the day. Barley was generally neglected. Trade was very thin and values remained about steady to close 10p-20p up on the day. New crops saw little trade and registered losses of 10p-20p, reports Acli.

M'nth	WHEAT Yesterd'y's close	+ or —	BARLEY Yesterday's close	+ or —
Jan.	106.20	+0.70	96.40	+0.40
Mar.	108.70	+0.55	98.75	+0.20
May	112.60	+0.65	102.50	-0.10
July	116.75	+0.70	—	
Sept.	100.90	+0.10	96.00	-0.20
Nov.	104.70	-0.10	99.60	-0.20

Business done—Wheat: Jan. 106.15-106.05, March 108.75-108.50, May 112.85-112.35, July 116.75-116.45, Sept. 100.90-100.50, Nov. 104.75-104.55. Sales: 149 lots of 100 tonnes. Barley: Jan. 96.20-96.15, March 98.75-98.70, May 102.65-102.55, July no trade, Sept. 96.00-96.00, Nov. no trade. Sales: 76 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Feb. 110.50, March 111.25 transhipment east coast sellers. U.S. Hard Winter 13½ per cent Feb. 105.25, March 105.75 transhipment east coast sellers. EEC unquoted. Maize: French Jan. 121, Feb. 122.50 east coast sellers. S. African Yellow Feb./March 89.50. Barley: English Feed fob Jan. 101.50, April/June 107 east coast sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 96.50, E. Midlands 96.60, N. East 95.00, Scotland 93.20. Other milling wheat: E. Midlands 105.00. The UK Monetary Coefficient for the week beginning Monday January 26 (based on HGCA calculations using four days exchange rates) is expected to change to 0.850.

RUBBER

The London physical market opened steadier with little interest at higher levels, closing on an uncertain note, Lewis and Peat reported. The Malaysian market was closed for a public holiday.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Feb.	57.60-57.70	58.08-58.40	58.10-57.60
Mar.	58.60-59.00	59.40-59.70	59.40
Apr-Jne	61.30-61.40	61.80-62.00	61.70-61.30
Jly-Sept	64.50-64.60	64.80-64.90	65.00-64.20
Oct-Dec	67.50-67.60	67.90-68.00	67.90-67.50
Jan-Mar	70.50-70.60	70.90-71.00	70.90-70.30
Apl-Jne	73.40-73.80	73.88-73.90	73.50
Jly-Sept	76.40-76.60	76.80-76.90	76.50
Oct-Dec	79.50-79.70	79.80-79.90	79.30

Sales: 240 (154) at 15 tonnes, 10 at 5 tonnes. Physical closing prices (buyer) were: Spot 56.75p (57.00p), Feb. 69.50p (61.00p), March 61.00p (61.50p).

SOYABEAN MEAL

The London market opened £1.00 to £1.50 lower on commission house selling, reports T. G. Roddick. Prices firmed on lack of supply at lower levels finishing with gains of 50p.

	Yest'rd'ys Close £ per tonne	+ or —	Business Done
February	128.50-27.3	-0.15	127.50-26.00
April	128.30-28.5	-0.20	129.50-27.50
June	131.50-31.5	-0.55	130.50
August	132.80-32.9	-1.10	155.00
October	131.00-31.3	+0.65	131.00-30.00
December	131.10-33.0	+0.45	131.00
February	131.00-35.0	-0.75	—

Sales: 72 (221) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £250.00 (£250.00) a tonne cif for Jan.-Feb. shipments. White sugar daily price was £279.00 (£290.00).

Currency factors stimulated selling interest at the opening and prices were soon some £7 below pre-weekend levels. Later as prices continued to ease stop-loss liquidation was touched-off and March fell to £254.25, with support offered at limit down. However, buying interest remerged during the afternoon New York opened strong and London prices improved to close at the day's highs, reports C. Czarnikow.

No. 4 Con-tract	Yestard'ys Close	Previous Close	Business Done
	£ per tonne		
Mch	264.00-64.50	273.25-73.75	273.50-54.25
May	265.75-65.85	273.75-74.00	273.00-55.50
Aug	261.25-61.50	268.50-68.50	268.50-50.75
Oct	257.00-58.00	262.50-62.50	265.00-50.00
Jan	241.00-45.00	254.00-54.50	247.00-35.00
Mar	240.25-40.75	248.25-48.75	246.00-34.00
May	240.00-41.00	244.50-46.00	240.00-34.00

Sales: 13,015 (14,462) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £335.0 (£345.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 16: Daily price 25.80 (28.20); 15-day average 28.43 (28.78).

POTATOES

LONDON POTATO FUTURES—April eased back in early trade, but found support at £61 with chartist profit-taking putting the price up near unchanged before slipping again towards the close. November found early support, but was forced down during the afternoon, reports Coley and Harper.

Closing prices: Feb. 49.50 unchanged (no trade); April 61.40 -30 (high 61.80, low 61.00); Nov. 53.90 -30 (high 54.50, low 53.50). Turnover over: 121 (229) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 19 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1450/1460	-15	$1450/470
Copper			
Cash w'bar	£775	-4.25	£797.5
3 mths.	£798.75	-1.5	£816.75
Cash Cathode	£755.5	-2	£776.5
3 mths.	£778.5	-2	£797
Gold troy oz.	$567.5	+6	$595.5
Lead Cash	£276.5	-10	£315
3 mths.	£288.25	-10	£327.5
Nickel	£3,226.57	......	£3,216*
Freemkt.	280/290c	......	275/285c
Platin'mtr'y oz	£202	......	£202
Freemkt.	£226.10	-1.95	£251.60
Quicksilvert	$365/375	......	$360/370
Silver troy oz.	614.85p	-6.25	677.60p
3 mths.	636.85p	-5.65	700.70p
Tin Cash	£5,820	-82.5	£6,262.5
3 mths.	£5,975	-82.5	£6,332.5
Tungsten 22.04 lb	$143.90	-3.34	$141.97
Wolfrm 22.04 lb	$146/148	......	$140/145
Zinc Cash	£322	-5.5	£327
3 mths.	£334.75	-5	£359.5
Producers	$823	......	$823
Oils			
Coconut (Phil).	$630x	-15	$610
Groundnut	‡	......	‡
Linseed Crude.	£420	-10	£460
Palm Malayan.	$625w	......	$635
Seeds			
Copra Philip	$425	......	$420
Soyabean(U.S.)	$330	-2	$326.25
Grains			
Barley Futures	£98.75	+0.20	£99.15
Maize			
French	£121	......	‡
Wheat			
No 1 Red Spg.	‡	......	‡
No2 HardWint	£105.25y	......	£108.25
Eng. Millingt	‡	......	‡
Other commodities			
Cocoa ship't	£955	+3	£971
Future May	£894.5	+6	£896.5
CoffeeF t'Mar.	£1,042	-5.5	£1023.5
Cotton A.Index	100.45c	......	99.30c
Rubber (kilo)	56.75p	-0.25	57p
Sugar (Raw)	£250	-10	£310
Wooltp's 64s kl.	299p kilo	+1	297p kilo

† Unquoted. w March. y Feb. x Jan.-Feb. u Feb.-March. t April. z Indicator. § Buyer. ‡ Per 76 lb flask. * Nominal.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 103 tonnes. Although demand was somewhat lower than in most trading days last week it developed on a fair scale. Useful contracts were secured, mostly in Middle Eastern groups, but support was also forthcoming in African and [illegible]

TEA AUCTION

LONDON TEA AUCTION—49,376 packages were offered at yesterday's auction. Demand was improved. Selected Assams were firm to dearer, plainer sorts lower. Sylhets were often dearer. Bright East Africans were sometimes easier, except dusts which were strong. Mediums were little changed. Central Africans were dearer. Ceylons were irregularly dearer. Quotations:—Quality 121p per kilo (same); Medium 98p (same); Plain 82p (80p).

WOOL FUTURES

BRADFORD—Traders said stronger sterling means a little more difficulty in exporting and emphasises the hand-to-mouth buying approach throughout the trade.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Jan. 340, 350, nil, nil. March 350, 362, 351, 2; May 356, 360, 357, 356, 4; Aug. 369, 373, 371-370, 3; Oct. 372, 374, 373, 1; Dec. 375, 377, 375, 2; Jan. 379, 381, 379, 2; March 381, 385, 383-382, 6; May 382, 386, 383, 1.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 484.0, 485.0, 484.0-481.9, 79; May 500.5, 505.5, 501.0-499.0, 52; July 514.2, 519.0, 515.0-513.0, 15; Oct. 513.7, 514.5, 514.5-513.0, 20; Dec. 518.2, 520.0, 520.0-517.0, 16; March 524.5, 525.0, 525.0-523.5, 18; May 528.2, 530.0, 530.0-526.0, 8; July 535.0, 537.5-537.0, 13. Sales 319.

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.50, codlings £3.00-£4.90.

MEAT/VEGETABLES

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis 50/189 3.60-5.05; Spania: Navelinas 48/54/60 4.50, 70 4.20, 80 3.60, 90 3.50, 100/110 3.50; [illegible]

AMERICAN MARKETS

NEW YORK, January 19.

REPORTED IRANIAN inquiries for sugar lifted the market toward higher levels. Copper ran into profit taking by trade and commission houses and finished with moderate losses. A late sell-off in grains and the soyabeans triggered by professional selling, moved prices sharply lower. Cotton selling intensified after lower closes in grains with prices moving sharply lower. Short covering ahead of major grind estimates in Europe rallied cocoa to moderately higher levels. Liquidation in precious metals related to higher interest rates and further uncertainty on the hostage release resulted in highly erratic trading all day and minor losses on the close, reported Heinhold.

Copper—Jan. 84.30 (84.95), Feb. 85.05 (85.50), March 86.30-86.40, May 88.90-89.10, July 90.90-91.10, Sept. 93.20-93.30, Dec. 95.80, Jan. 96.55, March 98.30, May 99.90, July 101.50, Sept. 103.10. Sales: 3,000.

Potatoes (round whites)—March 145.7-146.0 (148.1), April 269.8-170.3 (172.5), Nov. 88.3. Sales: 1,961.

Sugar—No. 11: March 27.00-27.05 (26.65), May 27.20-27.25 (26.80), July 27.57, Sept. 26.60-26.65, Oct 26.50-26.55, Jan. 24.00-24.50, March 24.50-24.65, May 24.50.

Tin—651.0-659.0 (657.0-622.0).

CHICAGO, January 19.

Lard—Chicago loose 20.25 (20.50).

Live Cattle—Jan. 63.75 (63.75), Feb. 67.75-65.65 (66.12), April 69.57-69.65, June 71.95-72.10, Aug 72.35, Oct. 71.00, Dec. 71.97, Feb. 72.55.

Live Hogs—Feb. 45.55-45.50 (46.62), April 46.60-46.50 (47.82), June 51.25-51.05, July 52.10-52.20, Aug. 51.77, Oct. 50.55, Dec. 53.52, Feb. 56.75, April 56.60.

§§Maize—March 374½-375 (378¾), May 383½-383¾ (387¼), July 386½-387, Sept. 381½-381¼, Dec. 376¾-376½, March 386.

Pork Bellies—Feb. 51.35 (52.35), March 52.35 (54.35), May 54.30-54.35, July 56.25-56.40, Aug. 55.30, Feb. —

Silver—Jan. 1498.0 (1507.0), Feb. 1505.0 (1517.0), March 1527.0, April 1550.0, June 1593.0, Aug. 1635.0, Oct 1679.0, Dec. 1722.0, Feb. 1769.0, April 1812.0, June 1855.0, Aug. 1893.0, Oct. 1936.0, April 2065.0, June 2108.0.

WINNIPEG, January 19.

§Barley—March 156.60 (155.40), May 158.00 (156.40), July 158.80, Oct. 159.10, Dec. 158.90.

†Soyabeans—Jan. 758½ (766¼), March 777-779 (787½), May 808-807, July 829-828½, Aug. 841-842, Sept. 841½, Nov. 847-848, Jan. 866½.

||Soyabean Meal—Jan. 220.5-221.0 (222.0), March 226.7-227.0 (229.11), May 235.0-238.0, July 241.5, Aug. 244.0-243.5, Sept. 246.5, Oct. 245.0, Dec. 247.0, Jan. 249.5, March —.

Soyabean Oil—Jan. 23.85 (24.07), March 24.35-24.38 (24.64), May 25.25-25.20, July 26.00-26.05, Aug. 26.30, Sept. 26.70-26.60, Oct. 27.10, Dec. 27.45, Jan. 27.50-27.55, March 27.55-27.65.

†Wheat—March 494½-492 (502½), May 504½-503½ (511¼), July 494, Sept 507½, Dec. 527, March —.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton

EUROPEAN MARKETS

ROTTERDAM, Jan. 19.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Feb. $232, March $234, April $238, May $238, mid-June/mid-July, $235. U.S. No Two Red Winter Feb. $226, March $228. U.S. No Two Northern Spring 14 per cent Feb. $246, March $246, April/May $231.50, April/May $228, May $228, June $228.50, July $229.50.

Maize—Spot $185.50, AfL $182, Jan. $183, Feb. $182, March $182, April/June $185, July/Sept. $185, Oct./Dec. 1981, Jan./March $192.50.

Soyabeans—U.S. Two Yellow Gulfports AFL $321, Jan. $323.50, Feb. $324, March $325.50, April $332.50 sellers/$330 bid, May $336, June $341, July $343, Aug./Sept./Oct./Nov. $344.50, Dec. $351.25. Gulf/Argentine/Paraguay May $332.50, June $33.50, July $334.50 sellers.

Soyameal—44 per cent protein AFL $284, Jan. $284, Feb. $289, March $294, April/Sept. $306, Nov./March $314. Brazil Pellets AFL $298, Jan. $298, Feb $298, March $303, April/Sept. $315.

PARIS, Jan. 19.

Cocoa (FFr per 100 kilos)—March 940/950, May 970/980, July 975, Sept. 1025/1045, Dec. 1045/1065, March 1065/1080. Sales at call 0

Sugar (FFr per tonne)—March 3105/3110, May 3085/3075, July 3030/3050, Aug. 3020/3040, Oct. 2845/2885, Nov. unquoted, Dec. 2680/2750, March 2580/2630. Sales at call 3.

INDICES

FINANCIAL TIMES

Jan. 16	Jan. 15	Month ago	Year ago
250.11	259.88	262.43	293.24

(Base: July 1, 1952=100)

MOODY'S

Jan. 16	Jan. 15	Month ago	Year ago
1202.5	1218.9	1227.1	1515.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 16	Jan. 15	Month ago	Year ago
Spot	437.93	437.93	440.46	426.66
Fut's	464.20	464.20	458.99	435.79

(Average 1924-25-26=100)

REUTERS

Jan. 16	Jan. 15	M'nth ago	Year ago
1695.2	1703.4	1728.8	1764.8

(Base: September 18, 1931=100)

CORAL INDEX: Close 452-457 (+1)

Oil Index
Refined March '81 $45.11

Oil Futures
Refined April '81 $45.39
Crude April '83 $43.05

LONDON STOCK EXCHANGE

Gilts optimistic about inflation and interest rates

Equities overshadowed but 30-share index edges up

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 12	Jan. 22	Jan. 23	Feb. 2
Jan. 26	Feb. 5	Feb. 6	Feb. 16
Feb. 9	Feb. 26	Feb. 27	Mar. 9

* "New time" dealings may take place from 9 am two business days earlier.

Strength in Gilt-edged securities dominated London stock markets yesterday. The market reflected optimism about the downturn in inflation accelerating this month and over a view that Minimum Lending Rate could be reduced by 2 per cent before or on Budget day, March 10. Domestic investment funds were drawn by yields ranging to over 14 per cent on longer maturities, while overseas money was enticed by the pound's highly creditable performance yesterday; the possibility of previously blocked Iranian funds being re-invested following agreement on the release of the U.S. hostages was considered to be no more than a talking point at present.

Gilt quotations began to move higher from the outset, but the upturn was contained by a fair amount of selling. The sales were soon absorbed, however, and later both ends of the market adopted a strong tone which culminated with mediums and longs closing nearly a point up in places. The shorts were also active and the prominent feature here was the high-coupon Treasury 15 per cent 1985 which, although settling a shade under the day's best, gained ¾ to 106⅝.

Barclays Bank down

Conflicting views about UK economic trends were sufficient reason for investors to ignore equities again. Most leading shares traded within a narrow compass but ICI provided an exception: down to a four-year low initially, the shares picked up to end a net 6 off at 286p. Defence stocks threw up scattered firm features and speculative enthusiasm developed for House of Fraser, but the overall volume of business in equities showed little improvement. Nevertheless, the absence of selling pressure was a comforting influence and the tone improved after an uncertain start. Down one point at the first calculation, the FT Industrial Ordinary share index edged forward to close a net 1.7 up at the session's best of 453.6.

Only 785 contracts were arranged in the Traded option market yesterday. A useful business was seen in Shell and BP in which 104 and 175 deals were done respectively.

Yesterday saw the debut of Dunton on the Unlisted Securities Market; the shares opened and closed at 7p, after touching 7½p, following a fair turnover.

Adverse comment ahead of the dividend season due to start next month prompted dullness in the major clearing banks. Barclays were particularly vulnerable to selling and closed 15 down at 395p. Midland ended 5 off at 325p, while Lloyds and NatWest eased 3 to 327p and 357p respectively. In Discounts, Alexanders hardened 3 to 276p following the preliminary statement, while Union moved up 5 to 500p ahead of tomorrow's annual figures. Among Hire Purchases, FNFC continued to attract speculative interest in the wake of last week's bid approach by Lloyds and Scottish for UDT; after touching 27½p, the shares closed a penny dearer on balance at 25½p. Reflecting comment on the benefits of the group's possible takeover of UDT, Lloyds and Scottish put on 6 to 147p; UDT softened a penny to 49p awaiting further developments.

Insurances declined throughout the list on scattered selling and lack of support. Sun Alliance lost 8 to 688p and Royals 6 to 332p, while London United Investments eased 5 to 183p and GRE 4 to 288p.

Significant movements in Buildings were confined to secondary issues. Press suggestions that the company could attract a bid stimulated speculative interest in J. O. Walker which jumped 18 to 135p. Howard Shuttering firmed 2 to 27p in response to satisfactory interim results, while Y. J. Lovell, preliminary figures on Thursday, added 5 to 180p. Richards and Wallington revived with a gain of 3 at 20p, but profit-taking clipped 15 from recently firm Burnett and Hallamshire, 885p. A Press mention encouraged further buying of M. J. Gleeson, which touched 65p before closing a net 2 dearer at 64p. Benlox were quoted at 36p ex rights with the new nil paid shares at 7p premium.

Booth Int. leap

Talk that a broker had downgraded his profit estimates brought further pressure to bear on ICI which fell to 282p, the lowest since 1976, before closing 6 down on balance at 286p. Fisons eased 3 afresh to 138p, while Blagden and Noakes gave up 4 to 98p and William Ransom 5 to 190p, the last-named in a thin market.

The Shoe sector provided an outstanding firm feature in Booth International which leapt 21 to a 1980-81 peak of 55p following the agreed bid terms from Garnar Scotblair, unaltered at 74p. Stylo attracted speculative buyers and finished 9 to the good at 142p.

Leading Stores were firm all day on sporadic buying interest after the provisional retail sales figures. Awaiting the outcome of today's vote on the company's proposal to sell and lease back its D. H. Evans store in Oxford Street, House of Fraser were supported and closed 5 higher at 129p. Elsewhere, a combination of speculative buying and option business helped Austin Reed "A" rise 6 to 57p, while J. W. Wassall put on 5 to 30p and Sumrie Clothes appreciated 3 to 30p.

The Electrical leaders maintained a firmer trend, but trading was extremely quiet. GEC firmed 5 to 580p and Racal a similar amount to 298p, while Plessey closed 3 better at 260p. Ferranti moved up 17 to 452p, while Cray Electronics responded to the increased dividend and profits with a rise of 6 to 82p and Muirhead gained 5 to 83p on continuing bid hopes. Movements otherwise were usually against holders. Unitech encountered fresh offerings and fell 13 more to 229p. Electrocomponents lost 15 to 620p and Kode 10 to 250p. Adverse Press mention prompted a reaction of 5 to 63p in Sound Diffusion.

Awaiting the annual report, Westland encountered buying interest and closed 6 to the good at 128p, while Vickers, helped by speculation about a possible statement on defence spending today, finished a similar amount higher at 140p, after 142p. Among the other occasional movements, Brooke Tool found support and put on 3½ to 55p, but Vosper reacted 5 to 95p, after last Friday's speculative flurry which put 15 on the shares. Other dull spots included Midland Industries, 3 down at 57p. Meggitt Holdings held at 17p despite the sharp fall in annual profits.

Press suggestions that the preliminary profits, due to be announced on Thursday, might be better than expected, helped Tate and Lyle to add 2 to 142p. Cadbury Schweppes became a good market and also firmed 2, to 70p. Elsewhere in the Food sector, Somportex, still responding to the excellent interim results, rose 5 afresh to a peak of 590p. Interest was shown in Singlo which put on 1½ to 20p, while Bernard Matthews picked up 7 to 307p and William Morrison added 5 to 180p.

Highgate & Job jump

Secondary issues provided the main points in miscellaneous industrials. A resurgence of speculative buying on revived bid hopes lifted Highgate and Job 14 to 40p, while BTR gained 8 to 364p on investment demand. Hollis Bros. and ESA added 3 to 31p in response to Press comment and Letraset International rose 6 to 92p after comment on the interim results. Restmor hardened a penny to 75p despite the lower first-half earnings, while Applied Computer encountered renewed support at 120p, up 10. Brengreen put on 2 to 45½p and Gripperrods added 5 to 96p as did Sharna Ware, to 108p. By way of contrast, De La Rue fell 30p to 670p on adverse comment, while Peerless softened a penny to 81p following uninspiring half-year figures. St. Georges Laundry came on offer at 83p, down 5, and a similar fall was seen in Clement Clarke, at 90p.

Among Motors, an investment recommendation helped BL to add 2 to 19p. Components had Airflow Streamline 1½ dearer at 18p, but Garages trended easier, where changed.

News International, mentioned as a prospective buyer of Times Newspapers, shed 7 to 98p. Poster concerns Mills and Allen and More O'Ferrall came in for support, the former rising 12 to 322p and the latter 5 to 105p. David S. Smith added a penny to 86p on the interim results.

Leading Properties took a firmer line on interest rate hopes, Land Securities rising 5 to 362p and MEPC 3 to 217p. Among secondary issues, Warner Estate improved 10 to 303p on a broker's circular but, awaiting bid developments, Avenue Close eased 2 to 78p. Estates Property Investments added a penny to 169p on increased interim income, while Marler Estates, half-yearly results tomorrow, improved 2 to 72p. R. Green also came in for support and firmed 3 to 77p.

Oils inclined easier

Oil shares held up reasonably well until the late dealings when the tone turned slightly easier. BP finished 2 off at 404p and Shell 6 cheaper at 452p in the leaders. Lasmo gave up 10 to 705p and Sovereign 11 to 392p. Among the more speculative exploration issues, Cambridge rose 10 to 290p and Clyde 15 to 725p, but Strata weakened 14 to 204p on lack of any further favourable news in the company's latest Woodada 3 drilling report.

A rising market of late on hopes of a bid from Sime Darby, Boustead cheapened 4 to 112p on profit-taking. Associated concern Boustead Holdings Berhad, however, attracted persistent Far-Eastern demand and closed 15 to the good at 165p, after 167p. Elsewhere in Overseas Traders, Warren Plantations rose 4 to 201p on continued takeover rumours.

Quiet mines

In easier Trusts, Atlantic Assets closed 2 lower at 226p following lower half-year earnings. Among Financials, Mercantile House reacted 15 to 550p following a Press article suggesting it was time to take profits, but favourable comment left R. P. Martin 5 dearer at 155p and Yule Catto a similar amount higher at 87p.

Dealings in British Enkalon were temporarily suspended at 7p; the company announced reorganisation plans yesterday. Elsewhere in Textiles, Tomkinsons, up 4 at 35p, provided one of the few movements worthy of note.

Mining markets began the week on a quiet note. South African Golds were marked down at the outset and drifted in subdued trading for most of the day before recovering a shade in the after-hours' dealings as the bullion price picked up to close $6 firmer at $567.50 an ounce. The Gold Mines index fell 9.6 to 350.8.

Among the heavyweights, West Driefontein gave up £1½ to £33½ while losses of a point were common to Randfontein, £33¼, Hartebeest, £29, and Western Holdings, £32¼. In the medium and lower-priced issues, Harmony fell 45 to 809p ahead of the December quarter results.

Financials were mixed. South Africans lost ground in line with Golds. Middle Wits remained a weak market, falling 45 more to 760p, while Anglo American Corporation lost 20 at 595p.

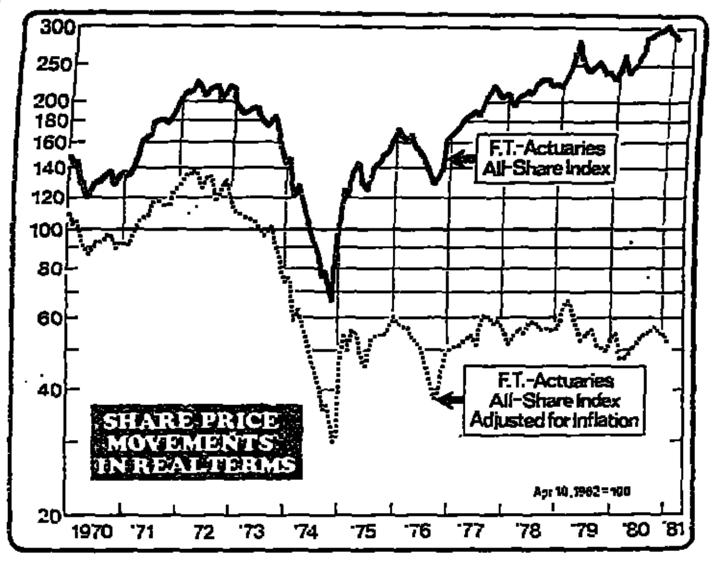
The London stocks staged a good rally in the late trade after having drifted lower on lack of interest during the morning. Gold Fields, Charter and Rio Tinto-Zinc rose 3 apiece to 475p, 200p, and 398p respectively.

Australians generally closed a fraction easier. In the leaders, CRA dipped 12 to 262p, MIM Holdings 6 to 199p and Bougainville 3 to a 1980-81 low of 86p.

Golds recovered well in the afternoon but were still left showing losses. Gold Mines of Kalgoorlie were finally 30 down at 410p, after 395p, while North Kalgurli ended 3 cheaper at 71p, after 68p, and Poseidon 2 easier at 272p, after 266p.

Among the energy stocks, Meekatharra rose 45 to 430p and International Mining 3 to 83p. Disappointment that the latest report from the Woodada 3 location failed to reveal any test results prompted light selling of Strata Oil shareholders Haoma Gold and North West Mining. The latter declined 12 to 102p and the former 4 to 152p.

News of the joint venture with Mining Houses of Australia saw Central Pacific Minerals move up 5 to 375p.



FINANCIAL TIMES STOCK INDICES

	Jan. 19	Jan. 16	Jan. 15	Jan. 14	Jan. 13	Jan. 12	Year ago
Government Secs.	68.53	68.05	68.06	68.47	68.39	68.31	69.26
Fixed Interest	70.22	69.98	70.24	70.53	70.27	70.32	80.61
Industrial Ord.	453.6	451.9	448.5	446.0	447.4	458.1	457.7
Gold Mines	350.8	360.4	†366.3	356.6	372.9	367.1	352.5
Ord. Div. Yield	7.92	7.94	7.98	8.00	7.97	7.89	7.15
Earnings, Yld. % (full)	17.69	17.75	17.87	17.91	17.84	17.57	17.77
P/E Ratio (net) (*)	6.92	6.91	6.86	6.84	6.87	6.98	6.91
Total Bargains	20,656	20,542	19,667	20,117	19,583	20,462	26,711
Equity turnover £m.	—	104.56	100.29	118.98	87.98	78.37	183.62
Equity bargains total	—	14,277	13,876	16,191	14,626	16,350	22,500

10 am 450.9. 11 am 452.2. Noon 452.7. 1 pm 453.0. 2 pm 452.5. 3 pm 452.8.

Latest Index 01-246 8026.

*Nil = 6.39.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec, 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compil'ti'n High	Since Compil'ti'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/3/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 19	Jan. 16
Daily		
Gilt Edged	139.5	139.7
Industrials	87.8	82.3
Speculative	33.9	30.6
Totals	67.2	65.3
5-day Avrge.		
Gilt Edged	136.8	139.3
Industrials	86.0	86.6
Speculative	37.7	33.6
Totals	67.8	67.4

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (25)

BRITISH FUNDS (8)

BANKS (2)

BUILDINGS (2)

ELECTRICALS (1)

FOODS (2)

INDUSTRIALS (9)

Aaronson Bros. · Dufay Bitumastic · Berisfords · Eleco · Blundell-Permoglaze · Longton Ind. · Clarke (Clement) · Sangers · UKO Int.

NEWSPAPERS (2)

MOTORS (1)

SHIPPING (1)

OVERSEAS TRADERS (1)

INSURANCE (2)

PROPERTY (1)

TRUSTS (5)

MINES (1)

NEW LOWS (29)

AMERICANS (1)

CHEMICALS (3)

ELECTRICALS (1)

ENGINEERING (3)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	86	—	7
Corpns., Dom. and Foreign Bonds	27	—	35
Industrials	206	171	1,016
Financial and Prop.	87	110	301
Oils	16	21	21
Plantations	—	2	17
Mines	20	64	59
Others	39	54	59
Totals	485	442	1,525

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
ICI	£1	9	286	− 6	402	282
Lucas Inds.	£1	6	184	− 2	264	166
Racal Electronics	25p	6	298	+ 5	370	175
Courtaulds	25p	5	53		87	49
De Beers Defd.	R0.05	5	378	− 6	553	368
Lloyds Bank	£1	5	327	− 3	358	277
NatWest Bank	£1	5	357	− 3	428	305
P. & O. Defd.	£1	5	112	− 2	136	105
Prudential Corp.	25p	5	215	− 1	268	182
Reed (Austin) A	25p	5	57	+ 6	72	48
Royal Insce. New	Nil/pd.	5	12pm	− 3	31pm	10pm
Shell Transport	25p	5	452	− 6	522	314
Unilever	25p	5	440		512	388
Vickers	£1	5	140	+ 6	154	99½
Beecham	25p	4	168		179	108

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8

For rate indications see end of Share Information Service

Money was given for the call of Inveresk, Candecca, ICI, Northern Engineering, Shell Transport, Tubes, Royal Insurance, Town and City, Hong Kong and Shanghai Banking, Lonrho, Austin Reed "A," GKN, Shackleton Petroleum, F. S. Geduld, UDT, Sound Diffusion, and ICL. No puts or double options were reported.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Jan. 19, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Jan. 16 Index No.	Thurs., Jan. 15 Index No.	Wed., Jan. 14 Index No.	Tues., Jan. 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	274.50	+0.6	15.49	6.02	7.86	273.00	272.28	272.97	274.79	232.48
2	Building Materials (27)	239.25	+0.2	19.39	7.22	6.15	238.88	237.65	237.92	236.82	224.22
3	Contracting, Construction (26)	410.47	−0.2	22.26	6.19	5.40	411.27	411.91	410.69	419.79	350.58
4	Electricals (27)	898.33	+0.9	10.11	2.92	12.19	889.89	888.13	893.86	903.94	586.26
5	Engineering Contractors (11)	379.39	+0.2	15.72	6.82	8.11	378.50	374.85	375.67	379.29	296.78
6	Mechanical Engineering (71)	163.16	+0.4	18.30	8.16	6.79	162.48	162.47	162.66	164.00	162.52
8	Metals and Metal Forming (13)	129.66	−0.1	20.60	12.88	6.14	129.75	128.61	127.24	128.20	162.47
9	Motors (21)	86.67	−0.4	23.62	9.74	4.90	86.98	87.01	86.88	87.67	113.35
10	Other Industrial Materials (15)	282.32	+1.3	16.34	7.63	7.27	278.74	277.55	278.46	279.66	0.00
21	CONSUMER GROUP (199)	229.71	+0.3	16.55	6.83	7.34	228.92	227.75	227.50	228.79	226.99
22	Brewers and Distillers (20)	249.48	+0.1	18.68	7.33	6.34	249.18	247.69	244.70	244.42	273.68
25	Food Manufacturing (23)	207.46	+0.7	19.00	7.59	6.26	205.96	204.68	204.17	204.53	205.38
26	Food Retailing (14)	459.52	+0.3	10.13	3.37	11.67	458.25	455.30	455.55	459.35	325.52
27	Health and Household Products (7)	248.34	−0.2	10.68	5.75	11.14	248.67	246.21	245.38	245.67	210.69
29	Leisure (22)	328.64	+0.4	16.83	6.78	7.47	327.38	328.55	329.25	334.09	307.55
32	Newspapers, Publishing (12)	422.00	−0.2	21.84	7.35	5.95	422.97	419.04	424.25	423.80	432.54
33	Packaging and Paper (15)	110.51	—	29.22	10.98	3.96	110.52	108.94	108.85	110.14	126.72
34	Stores (44)	240.97	+0.7	12.35	5.23	10.60	239.22	238.15	239.08	240.55	222.12
35	Textiles (21)	122.37	−0.3	20.99	11.03	6.22	122.68	122.37	122.57	123.77	132.33
36	Tobaccos (3)	193.57	−0.3	29.65	12.03	3.84	194.06	194.06	194.26	196.24	221.33
39	Other Consumer (18)	236.51	+0.3	15.59	8.42	8.27	235.78	234.13	235.07	234.41	0.00
41	OTHER GROUPS (78)	205.25	−0.6	19.38	8.34	6.15	206.41	207.50	208.63	209.60	203.03
42	Chemicals (15)	271.17	−1.3	21.69	9.79	5.38	274.88	276.16	277.19	278.08	299.39
44	Office Equipment (6)	94.56	+1.0	21.30	8.78	5.49	93.59	93.41	93.19	97.18	110.66
45	Shipping and Transport (12)	520.39	—	14.72	7.22	8.32	520.58	518.82	522.19	522.64	439.36
46	Miscellaneous (45)	249.71	−0.1	17.74	6.82	6.94	250.06	252.85	255.18	258.05	241.25
49	INDUSTRIAL GROUP (488)	242.65	+0.3	16.56	6.75	7.52	241.91	241.24	241.51	243.05	228.44
51	Oils (12)	890.61	−0.9	26.96	5.91	4.13	898.45	871.68	859.99	866.75	710.74
59	500 SHARE INDEX	293.37	—	19.02	6.55	6.19	293.80	291.10	290.43	292.39	266.76
61	FINANCIAL GROUP (118)	227.09	−0.7	—	5.89	—	228.66	227.25	227.95	228.44	195.28
62	Banks (6)	232.09	−1.9	44.06	7.35	2.72	236.65	234.81	236.63	237.64	229.61
63	Discount Houses (10)	291.52	+0.3	—	5.90	—	290.51	290.51	290.90	293.33	240.14
64	Hire Purchase (5)	206.40	+1.9	11.78	5.07	11.45	202.64	198.61	196.51	196.60	184.58
65	Insurance (Life) (10)	227.06	−0.5	—	5.81	—	228.18	225.30	225.59	224.93	162.32
66	Insurance (Composite) (9)	142.06	−1.3	—	8.24	—	143.93	142.29	142.10	142.52	130.56
67	Insurance Brokers (9)	295.08	−1.5	15.61	7.85	8.77	299.59	295.89	295.06	300.56	299.56
68	Merchant Banks (13)	143.46	+0.1	—	5.39	—	143.25	143.58	143.21	143.40	98.05
69	Property (45)	436.10	+0.5	3.36	2.81	41.40	435.73	436.33	437.68	437.99	347.07
70	Miscellaneous (11)	165.30	−0.8	16.59	5.93	7.66	166.70	166.16	167.78	169.34	129.32
71	Investment Trusts (109)	272.04	—	—	5.54	—	272.12	272.01	272.09	273.50	212.96
81	Mining Finance (3)	215.98	+0.8	15.19	6.21	7.84	214.30	214.48	213.89	219.77	199.51
91	Overseas Traders (20)	426.77	−0.6	12.03	6.89	10.12	429.34	420.65	420.23	422.70	383.11
99	ALL-SHARE INDEX (750)	280.49	−0.1	—	6.37	—	280.79	278.51	278.20	279.95	249.91

FIXED INTEREST PRICE INDICES

	British Government	Mon., Jan. 19	Day's change %	Fri., Jan. 16	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.21	+0.36	106.83	—	0.89
2	5-15 years	108.36	+0.54	107.99	0.22	0.93
3	Over 15 years	112.57	+0.73	111.70	—	0.23
4	Irredeemables	127.15	+0.76	126.19	—	0.00
5	All stocks	109.21	+0.58	108.55	0.07	0.65

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Mon., Jan. 19	Fri., Jan. 16	Year ago (approx.)
1	Low Coupons	5 years	11.72	11.84	11.79
2		15 years	12.44	12.54	11.79
3		25 years	12.51	12.61	11.79
4	Medium Coupons	5 years	13.51	13.65	13.88
5		15 years	14.07	14.13	13.31
6		25 years	13.78	13.89	13.20
7	High Coupons	5 years	13.50	13.69	14.31
8		15 years	14.23	14.35	13.76
9		25 years	14.00	14.10	13.45
10	Irredeemables		11.58	11.67	10.88

		Monday Jan. 19 Index No.	Monday Jan. 19 Yield %	Fri. Jan. 16	Thurs. Jan. 15	Wed. Jan. 14	Tues. Jan. 13	Mon. Jan. 12	Fri. Jan. 9	Thurs. Jan. 8	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	51.96	14.25	51.97	52.00	52.16	52.14	52.16	52.04	52.08	50.87
16	Investment Trust Prefs. (15)	51.35	15.15	51.35	51.35	51.15	51.15	51.15	50.98	50.98	47.83
17	Coml. and Indl. Prefs. (20)	67.86	15.25	67.96	67.67	67.99	67.99	67.99	67.76	67.76	61.86

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

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"RIGHTS" OFFERS

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OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Nov. 28 US$152.93

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd. £100.70

Granville Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933
Next dealing day Feb. 13.

Guinness Mahon Fd. Mgrs. (Guernsey)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co., Ltd.♥ (a)(x)

Bishopsgate Progressive Mgmt. Co.♥

Bridge Fund Managers (a)(c)

Britannia Trust Management (a) (c) (g)

The British Life Office Ltd.♥ (a)

Brown Shipley & Co. Ltd.♥(a)(g)

Canada Life Unit Tst. Mngrs. Ltd.♥

Capel (James) Mngt. Ltd.♥

Carr, Sebag Unit Trust Managers(a)

Charities Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.♥ (a)(g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.♥ (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Trust Mgrs. (a) (b) (c)

Funds in Court*

G.T. Unit Managers Ltd.♥

G. & A. Trust (a) (g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd. (a) (g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers♥

L & C Unit Trust Management Ltd.♥

Legal & General (Unit Tst.) Mngrs. Ltd.♥ (a)

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group (y)(c)(z)

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

MLA Unit Trust Mngmt. Ltd.

Murray Johnstone U.T. Mngt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.♥

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a) (z)

Scottish Equitable Fnd.' Mgrs. Ltd.♥

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.♥(a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers♥

Transatlantic and Gen. Secs. (c) (y)

Tyndall Managers Ltd.(a)(b)(c)

TSB Unit Trusts (y)

Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.♥

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.♥

Capital Life Assurance♥

Charterhouse Magna Gp.♥

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.♥

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.♥

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Manufacturers Life Insurance Co.

Merchant Investors Assurance♥

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.♥

Norwich Union Insurance Group♥

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Providence Capitol Life Assce. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♦

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group♥

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Standard Life Assurance Company♥

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.♥

Tyndall Assurance/Pensions(a)(b)(c)

Vanbrugh Life Assurance♥

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

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Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Trust Management (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capibrex S.A.

Capital Managers

Capital International Fund S.A.

Charterhouse Japhet

Chawton Commodities (Isle of Man) Ltd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

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Fidelity International Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price £	+ or –	Int.	Red.
95	82¼	Aust. 5½pc '81-82	93	+¼	6.04	13.59
85¼	72½	Do. 6pc 1981-83	84¼	+½	7.19	13.12
67½	58	N.Z. 7½pc 1988-92	64	+¼	11.39	13.01
82¼	72	Do. 7½pc '83-86	79¼	+¼	9.68	13.40
98	86	Sth Africa 9½pc '79-81	98	+¼	9.90	15.12
150	95	S. Rhod. 2½pc Non-Ass.	125	+1	—	—
50	31	Do. 4½pc 80-85 Assd.	50	+1	7.28	21.20
32	20½	Do. 4½pc 87-92 Assd.	30xd	+1	15.00	21.00
330	275	Zimbabwe Ann (£100pa)	330	......	—	22.87

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

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Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	34	......	Q2.5c	—	3.7
28	12	ACM 20c	18	$-\frac{1}{2}$	—	—	—
*199	$46\frac{1}{2}$	Bond Corp.	145	+3	Q7.5c	1.9	2.6
156	86	Bougainville I Kina	86	-3	[illegible]	1.0	15.7
*350	221	CRA 50c	262	-12	tQ15c	2.1	2.8
25	$11\frac{1}{2}$	Canada Northwest	22	......	—	—	—
42	8	Carr Boyd 20c	28	......	—	—	—
545	$152\frac{1}{2}$	Central Pacific	375	+5	—	—	—

Tins

Copper

Miscellaneous

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
97	43	Barymin	50	-5	—	—	—
17	12	Burma Mines 10p	$15\frac{1}{2}$	......	0.62	1.1	5.8
445	53	Colby Res. Corp.	268	-11	—	—	—
502	240	Cons. Murch. 10c.	240	......	tQ30c	1.8	7.2
180	75	††Hemerdon 10c.	75	......	—	—	—
225	36	Highwood Res.	175	......	—	—	—
585	325	Northgate C$1	360	+10	—	—	—
*466	322	R.T.Z.	398	+3	t16.0	3.2	5.7
£115	£97	Do $9\frac{1}{2}$% Cnv. Uns. Ln. '95-2000	£97	$-\frac{1}{2}$	Q$9\frac{1}{2}$%	—	f10.0
138	91	††SPO Minerals 10p	129	......	—	—	—
58	26	Sabina Inds. C$1.	42	+4	—	—	—
51	30	††SWCM 10p	32	+2	—	—	—
650	411	Tara Expln. $1	517	+2	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ✦ Merger bid or reorganisation in progress.
- ✦ Not comparable.
- ✦ Same interim: reduced final and/or reduced earnings indicated.
- ✦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✭ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	39	......	**IRISH**		
Bertam	$12\frac{1}{2}$	......	Conv. 9% '80/82	£93¾	......
Bdg'wtr. Est. 50p	530	......	Nat. 9¾% 84/89	£74⅝	+¼
Craig & Rose £1	£11¼	......	Fin. 13% 97/02	£84½	......
Fife Forge	39	......	Alliance Gas	45	......
Finlay Pkg. 5p	20	......	Arnott	222	......
Graig Ship. £1	£19	......	Carroll (P.J.)	80	......
Higsons Brew	65	......	Concrete Prods.	80xd	......
Holt (Jos) 25p	335	......	Heiton (Hldgs.)	32	......
I.O.M. Stm. £1	165	......	Ins. Corp.	320	......
Pearce (C. H.)	650	......	Irish Ropes	38	+3
Peel Mills	60	......	Jacob	$31\frac{1}{2}$	$-2\frac{1}{2}$
Sheff. Refrshmt	101	......	T.M.G.	25	-1
Sindall (Wm.)	130	......	Unidare	82	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	28	Utd. Drapery	$6\frac{1}{2}$
A. Brew	7	"Imps"	7	Vickers	14
BOC Intl.	9	I.C.L.	9	Woolworths	5
B.S.R.	$4\frac{1}{2}$	Inveresk	3		
Babcock	11	Ladbroke	24	**Property**	
Barclays Bank	40	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	9	Cap. Counties	11
Blue Circle	30	Lloyds Bank	28	Land Secs.	35
Boots	28	"Lots"	4	MEPC	20
Bowaters	20	London Brick	6	Peachey	8
B.A.T.	25	Lucas Inds.	20	Samuel Props.	15
Brown (J.)	$6\frac{1}{2}$	"Mams"	20	Town & City	2¾
Burton	10	Mrks. & Spncr	9		
Cadburys	6	Midland Bank	32	**Oils**	
Courtaulds	6	N.E.I.	7		
Debenhams	8	Nat. West. Bank	32	Brit. Petroleum	36
Distillers	17	P & O Dfd.	12	Burmah Oil	19
Dunlop	$7\frac{1}{2}$	Plessey	25	Charterhall	11
Eagle Star	22	Racal Elect.	32	KCA	22
F.N.F.C.	$3\frac{1}{2}$	R.H.M.	4	Premier	10
Gen. Accident	30	Rank Org.	16	Shell	40
Gen. Electric	50	Reed Intnl.	18	Tricentrol	34
Glaxo	22	Sears	$4\frac{1}{2}$	Ultramar	46
Grand Met.	14	Tesco	$5\frac{1}{2}$		
G.U.S. 'A'	48	Thorn	28	**Mines**	
Guardian	32	Trust Houses	18	Charter Cons.	20
G.K.N.	16	Tube Invest.	18	Cons. Gold	45
Hawker Sidd	20	Unilever	50	Lonrho	10
House of Fraser	15	U.D.T.	$4\frac{1}{2}$	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

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FINANCIAL TIMES
Tuesday January 20 1981

Bank's support role defended

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE Bank of England's role in co-ordinating talks about banking support for companies in financial trouble was for the first time publicly explained and defended last night by Mr. Gordon Richardson, Bank Governor.

At a bankers' dinner in Edinburgh, Mr. Richardson sought to clear misunderstandings and answer criticisms. He said the Bank had "in a number of cases been able to perform a useful service in bringing interested parties together."

Mr. Richardson described as misconceived criticism that monetary control was being eroded and that "basically unviable companies are being kept alive, thus impeding needed adjustment."

He said: "The scale of lending in these cases is scarcely significant in relation to total bank lending or the size of monetary aggregates. In any event, lending by the banks to companies in difficulty would not suddenly fall if there were more insolvencies."

There are believed to have been about a dozen cases last year in which the Bank acted as the co-ordinator of discussions among banks. No names have ever been published. This is partly the result of the large expansion of the Bank's industrial finance side and the consequent extension of its contacts with companies.

The initiative has sometimes come from the companies affected. On other occasions groups in potential difficulty have been identified by the Bank's monitoring. The Bank's involvement is seen as promoting a market solution by maximising the information flow.

Mr. Richardson said the Bank was not involved as a lender. He said: "How far the banks concerned in any particular case can properly continue to lend has, of course, to remain a matter for the banks themselves, to seek to distinguish between viable companies in temporary difficulty and those in deeper trouble."

"Although each bank must reach its own decisions on these questions of viability, there are occasions, especially where a company deals with several banks, when joint discussions become necessary; and in these cases the Bank of England is sometimes able to play a modest but useful part as a neutral chairman in helping to find a mutually acceptable solution."

Mr. Richardson said there were situations where companies will inevitably contract or founder. It is then important that, if good businesses can be retained from within such companies, the banks should—not least their own interests—do what they can to achieve that result."

He called for close monitoring by the banks of the condition of their corporate clients so that timely action could be taken before any deterioration became too great.

● **Industry succeeded in preventing its overall financial position from getting worse last year despite the fall in profits. This was because of drastic retrenchment. Industrial and commercial ...companies' ...net borrowing was £1.4bn in the six months to September compared with £4.8bn in the previous half-year.** **Page 6.**

Enka to cut 4,000 fibres jobs in Europe

By Charles Batchelor in Amsterdam and Rhys David

ENKA, the fibres arm of the Akzo chemicals concern, yesterday announced plans for widespread capacity reductions throughout Europe with the loss of more than 4,000 jobs.

It will mean the loss of 800 out of 2,000 jobs at British Enkalon's nylon and polyester yarns plant at Antrim, Northern Ireland.

Akzo's plan to inject £33m into Antrim, announced in May, will be abandoned. The long term future of the plant was by *no means guaranteed*, Enka said.

The works, which has turned in a deficit every year since 1975, will withdraw from textile and industrial yarn production, and may concentrate instead on carpet yarns.

In the Netherlands, Enka announced the closure of its polyester filament yarns factory at Breda with the loss of 700 jobs and the reduction of staff levels at its Arnhem headquarters by 300. Some enforced redundancies will be necessary. Redundancies are also likely at Enka's Leicester office.

In West Germany, the company will shut its plant at Kassel, which employs 830 making polyamide, polyester and rayon fibres. It will also reduce staff levels in Oberbruch and Wuppertal.

Weathered

The decision to start another round of cuts in the troubled fibres division is a big blow to Akzo, which in 1979 appeared to have weathered the worst of the industry's downturn. In 1978 and 1979 it stablished staff levels in the EEC at about 55,000 after shedding 14,000 jobs in the previous three years.

Akzo began a big reorganisation of its fibres division in 1975 after a loss of Fl 440m ($200m), compared with a profit of Fl 340m the year before. It continued to make heavy losses for two years, returning to a small profit in 1978, rising to Fl 230m in 1979. In Novembe rAkzo reported that large losses in the fibre division would mean a sharp fall in profits for 1980.

The most recent figures sehow chemical fibres made an operating loss of Fl 90m in the first nine months of last year. The company's other divisions — chemical products and coatings and pharmaceuticals and consumer products — made combined operating profits of Fl 466m. The company has been hardest hit in Europe, where many operating costs are high. It has fared better in North and South America.

In spite of efforts to reduce the importance of fibres to the group, they still account for about a third of turnover — Fl 2.8bn ($1.3bn) of the Fl 9.2bn total in the first nine months of last year.

British Enkalon, like other fibre producers, attributes its problems to unfair trading conditions in synthetic fibres, in particular low-priced U.S. fibre exports which have the advantage of low-energy feedstock costs.

Davy takes Enserch to court

BY HAZEL DUFFY AND JOHN MOORE

DAVY CORPORATION has started legal action in the U.S. against Enserch Corporation, which launched a bid worth over £140m for the British-based process engineering group last month. Davy said yesterday that it believed the move necessary "to protect shareholders' interests."

One result will be a delay in the posting of the formal offer document, which had been expected by the end of this month. This is because the legal action will delay U.S. Securities and Exchange Commission approval of a registration document, which Enserch has to lodge with it.

"Davy alleges that previous Press statements by Enserch and resultant stock market activity in Britain and the U.S. have unlawfully and falsely preconditioned the market for Enserch's offer," Davy said in a formal statement.

"Davy also alleges that the proposed offer documents, which Enserch has filed with the U.S. Securities and Exchange Commission, contain misstatements and omissions concerning Enserch's business and financial condition."

The Enserch bid announcement on December 17 took Davy by surprise. After a meeting of the full board, however, a strongly worded rejection of the offer was announced. Davy said it was wholly inadequate and not in the interests of Davy shareholders, employees or clients.

Enserch, which owns the engineering contractor Ebasco, maintains that the combined resources of Davy and Ebasco will make the two companies better able to tender for some of the superprojects around the world. Davy maintains that it has proved itself well able to do this already.

The Office of Fair Trading is conducting an investigation into the offer and is expected to forward its recommendation to the Department of Trade in a few weeks' time. It will then be up to Mr. John Biffen, Trade Secretary, to decide whether or not the offer should be referred to the Monopolies Commission.

Textile job losses, Page 7

Post Office has first-half loss of £46m despite higher charges

BY GUY DE JONQUIERES

THE POST OFFICE reported yesterday a first-half loss of £46m caused by a sharp deterioration in the financial performance of both its telecommunications and postal services.

The Post Office blamed the poor results on higher wage costs and overheads. It said all its businesses were now trading profitably, and forecast that with the benefit of recently-approved price increases for British Telecom and Posts it would be "substantially in profit" for the year as a whole.

British Telecom, the telecommunications side, lost £19m in the six months ending on September 30, compared with £60m profit a year earlier. This was despite a 23 per cent rise in turnover to £2bn.

Posts lost £30m (£12m loss in 1979), though its income rose 31 per cent to £1bn. The National Girobank increased profits to £3m from £2.2m.

British Telecom raised its charges last November, the second time in less than 12 months, by an average of 19 per cent. It expects the latest increase to yield extra revenues of £400m in a full year.

But there are indications that the higher charges and the recession are depressing its business. It may find it increasingly hard to achieve the £250m-£300m in profits implied by the Government financial target.

All this will now have to be earned in the second half of this financial year. British Telecom made profits of £236.1m in the whole of its last financial year.

Its poor first-half results seem certain to complicate the already difficult task of financing the ambitious investment and modernisation programme and to increase pressure on the Government to relax the tight restrictions on Post Office borrowing power.

Sir Keith Joseph, the Industry Secretary, has publicly supported an increase in the programme in the next financial year to £2bn, from less than £1.5bn at present, almost all financed out of British Telecom's cash flow.

But no agreement has been reached on how to fund the extra spending. British Telecom is reluctant to propose yet another increase in charges for fear of damaging its business further.

British Telecom estimates that its business will grow by just over 5 per cent this year, down from more than 7 per cent last year. There has been a sharp increase in the number of subscribers disconnecting their telephone service since the November tariff increase.

Postal charges are due to rise later this month, increasing the rates for inland mail by an average of about 16 per cent. The rise is expected to yield an extra £240m in a full year.

The Post Office said yesterday that it saw no need for further increases this year.

But the Post Office Users' *National Council, the official* watchdog body, warned recently that a second round of increases could be avoided only by stern action to cut costs and improve productivity.

POST OFFICE RESULTS

	Half-year to 30/9/80 (£m)	Half-year to 28/9/79 (£m)
Corporation:		
Income	3,008	2,395
Profit/loss*	—46	49
Results from main businesses:		
Telecommunications:		
Income	2,052	1,670
Profit/loss	—19	60
Posts:		
Income	1,003	763
Profit/loss	—30	—12
National Girobank:		
Income	74.9	52.1
Profit/loss	3	2.2

* All profit/loss figures are before dividend and taxation but after interest and other gains.

Poles may change Gdansk pact

BY OUR FOREIGN STAFF

THE POLISH Government and trade unions may be ready to renegotiate key parts of last August's Gdansk Agreement between the two, signed after a wave of national strikes.

Alarmed by worsening economic difficulties, a group of Parliamentary deputies has called in the Sejm (Parliament) for renegotiation of the agreement.

The deputies said that declining national income could prevent the Government from meeting commitments on issues such as the shorter working week, meat supplies and faster house building.

The prominent Warsaw Branch of the Solidarity union, has accepted that Poland cannot afford immediate introduction of a five-day, 40-hour working week, the issue at the heart of recent unrest.

This apparent softening contrasts with the still pugnacious attitude of the Gdansk Branch, which has said that it plans to go ahead with a four-hour strike on Thursday unless agreement is reached on the five-day week claim.

Workers throughout the country have been told by Solidarity not to work this Saturday. This threat is expected to be discussed at a meeting today of the union's national consultative committee in Gdansk, which will be attended by Mr. Lech Walesa, the union leader. He returned from Rome yesterday.

These talks are expected to be followed tomorrow by a Government-union meeting at which the authorities' delegation will be led by Mr. Mieczyslaw Jagielski, the deputy Prime Minister who signed the Gdansk Agreement.

Information price

At this meeting the unions are expected to put forward a compromise proposal by which the Government would affirm the principle of a five-day week and the unions then agree to negotiate terms of future Saturday working aimed at helping to restore the economy.

As part of the price for this concession, however, the unions are expected to ask for more information about the real state of the economy, including the level of Government spending in such delicate areas as defence and security.

So far the unions have complained that they had to accept Government statements about the economy without real information on which to base their counter-proposals.

This has contributed to lack of trust in Government statements and unwillingness by the unions to make sacrifices unless they are seen to lead to a real improvement in the economy and not merely bolster up unproductive Government spending.

The Government is now fully aware of these demands, and Mr. Marian Krzak, the Finance Minister, recently disclosed in an interview with Trybuna Ludu that Government spending on defence and internal security would account for 6.9 per cent of the State budget this year.

This reflected a 1 per cent cut in such spending this year, he said. Cost of State food subsidies would rise by 26 per cent.

Weather

UK TODAY

FROST early and late. Bright periods, showers, becoming cloudy with rain.

London, S. England, Midlands
Dry with sunny periods.

E., C.N., N.E. England, Edinburgh, Dundee
Sunny periods, showers.

Channel, S.W. England, Wales.
Showers, becoming cloudy, rain later.

N.W. England, S.W. Scotland.
Showers, becoming cloudy.

Aberdeen, C. Highlands.
Showers, bright intervals.

Outlook: Rain, followed by bright periods. Mild in S.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	9	48	L. Ang.†	C	13	55
Algiers	S	16	61	Luxmbg.	C	4	39
Amsdm.	C	6	43	Luxor	S	18	64
Athens	F	14	57	Madrid	S	7	45
Bahrain	F	25	77	Majorca	S	16	61
Barclna.	F	12	54	Malaga	S	15	59
Belfast	S	4	39	Malta	S	13	55
Berlin	Sn	—2	28	Mchstr.	F	6	43
Belgrd.	C	0	32	Melbne.	S	23	73
Biarritz	R	10	50	Mx. C.†	—	—	—
Bmghm.	C	6	43	Miami†	C	3	39
Blackp'l	S	6	43	Milan	S	6	43
Bordx	C	11	52	Montrl.†	C	—	28
Boulgn.	F	7	45	Moscow	Sn	—6	21
Bristol	C	7	45	Munich	C	2	36
Brussels	C	7	45	Nairobi	S	28	82
Budpst.	F	—1	30	Naples	S	10	50
Cairo	F	16	61	Nwcstl	S	4	39
Cardiff	F	8	46	N York†	C	0	32
Casbca.	S	15	59	Nice	S	11	52
Cape T.	S	26	79	Nicosia	F	15	59
Chicg.†	—	—	—	Oporto	C	14	57
Cologne	C	7	45	Oslo	Sn	—10	14
Cpnhgn.	C	—3	27	Paris	C	8	46
Corfu	F	12	54	Perth	F	31	88
Denver§	—	—	—	Prague	Sn	—2	28
Dublin	F	6	43	Reykjvk.	Sn	—2	28
Dbrvnk.	S	9	48	Rhodes	C	13	55
Ednbgh.	S	3	37	Rio J'o†	—	—	—
Faro	S	15	59	Rome	S	11	52
Frankf't	C	3	37	Salzbrg.	Sn	0	32
Funchal	F	16	61	S'cisco†	C	12	54
Gibrltr.	S	15	59	Singapr.	F	29	84
Geneva	R	4	39	S'tiago†	—	—	—
Glasgow	S	3	37	Stckhm.	F	—5	23
G'rnsey	F	8	46	Strasb'g	C	7	45
Helsinki	Sn	—5	23	Sydney	F	30	86
H Kong	S	21	70	Tangier	S	16	61
Innsbr'k	Sn	—1	30	Tel Aviv	S	16	61
Invrnss	F	3	37	Tenerife	F	11	52
I. o Man	F	6	43	Tokyo	F	10	50
Istanbul	F	12	54	T'r'nto	F	—8	18
Jersey	C	9	48	Tunis	F	12	54
Jo'burg	F	25	77	Valencia	S	15	59
L. Plms.	C	17	63	Venice	F	4	39
Lisbon	S	14	57	Vienna	C	1	34
Locarno	S	6	43	Warsaw	C	—3	27
London	C	9	48	Zurich	R	3	37

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow. † Noon GMT temperatures.

Retail spending continues at a high level

BY DAVID CHURCHILL AND PETER RIDDELL

SPENDING IN the shops last month continued at the high level of most of last year, and trade appeared to have remained strong during the New Year sales.

Department of Trade figures published yesterday showed that the index of the volume of retail sales last month was 1091 (1979 = 100, seasonally adjusted). This was similar to November, and the underlying level of trade appeared to have changed little since March.

In 1980 as a whole the volume of trade was nearly 1 per cent higher than in the previous year.

This rise, coming after the buoyant trade of 1978-79, reflected the continued growth of real incomes last year. Wage increases were high during the last pay round and the rate of retail price inflation, particularly for most goods sold in shops, slackened rapidly last year.

The Retail Consortium, representing most store groups, said yesterday that the late pre-Christmas sales surge and the beginning of the bargain sales in late December helped to boost sales. But the Consortium warned that yesterday's provisional official figures could be too high.

Most retailers reported that sales in early January were exceptionally high with shoppers taking advantage of the considerable price-cutting.

In the first week of its sale Selfridges had an 18 per cent increase in value on a year before.

The John Lewis Partnership said sales in its department stores in the week to January 10 were nearly 25 per cent higher than in the same week last year. However, food sales for that week were only 11.5 per cent up.

Large national chain store groups claimed that trade in the south had been more buoyant than in the north where unemployment was much higher.

But most retailers report that the initial boost to trade from the bargain sales seemed to have worn off.

The Retail Consortium says there was little cause for optimism in the immediate future. Tesco suggested that trade in the next few months would be "dull" while Selfridges expected that "spring will be a difficult time for all retailers."

Real incomes may be held down from now by the lower pay rises of the current round, by higher unemployment and by the increase in the tax burden. But people may choose to cut their current high levels of savings to sustain spending.

The detailed official figures showed December sales to have been 10 per cent higher in value terms than a year before. In 1980 as a whole, the value of sales was 14 per cent higher than in 1979.

THE LEX COLUMN

Shrinking away from trouble

It *is a compliment to the* central banks' reputation for smoothing large international flows of funds that the world's financial markets were so unflustered yesterday. In particular, the Federal Reserve's sale of Iranian-owned securities into its own book, which makes liquidity available to the dollar markets, and a subsequent repurchase operation in Federal Funds have helped keep things calm. It is unfortunate, though, that one set of assets should have been thawed only for another—the Shah's—to be frozen.

Company sector

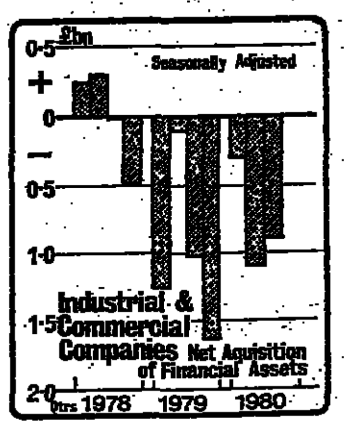
Creaking and groaning, British industry has been grimly cutting back its scale of operations, notably by trimming the level of stocks and work-in-progress. In the third quarter of 1980, thanks to a £1.2bn reduction in stock volume, total spending on fixed and working capital was down to some £2.5bn, a reduction of £1.5bn on the figure for the same quarter of 1979. That was how the industrial and commercial company sector managed to hold its financial deficit at around £0.9bn, seasonally adjusted, for the quarter. If the spending cuts had not taken place, industry's deficit would have been running at an annual rate of close to £10bn a year, the kind of disastrous level which not so long ago was being predicted by economic forecasters. Instead, the aggregate deficit for the first nine months of 1980 has been held to £2.2bn.

In the third quarter companies remained under pressure from the weakness of UK profits, aggravated by a fall in overseas income and a continuing high level of interest payments (over £2bn for the quarter). However, Central Statistical Office's analysis of the sector's financial transactions indicates that the squeeze was not universal, because although borrowing from banks jumped by £2.5bn, liquid assets climbed by £1.4bn. That could well reflect the contrast between manufacturing companies at one extreme, and oil companies at the other.

Dresdner sale

Dresdner Bank's sale of a 10 per cent stake in Metalgesellschaft to Kuwait seems assured of a smooth passage through West Germany's regulatory labyrinth, even though it will leave the Kuwaitis with a 20 per

Index rose 1.7 to 453.6



cent holding in a strategic company.

The attitude to foreign holdings has changed radically since 1975, when Deutsche Bank pre-empted the Shah's plan to take a major stake in Daimler-Benz and several companies *built protective clauses* into their articles of association. OPEC countries, and Kuwait in particular, have proved to be discreet long-term investors which can offer lucrative business for the companies into which they buy. The authorities are also aware that at least two major West German banks cannot afford these prestigious *industrial holdings* at a time when their dividends are under threat.

Alexanders Discount

Alexanders Discount took an understandably cautious view of the money markets in 1980 after its unhappy experiences in the *two previous years*. And it has traded profitably enough: published profits emerge at £1.25m, after a transfer to hidden reserves, compared with total losses, published and unpublished, in excess of £1.25m in 1979. The final dividend has only been maintained, however, and the emphasis is clearly on rebuilding net worth in order to be able to run a larger book in future.

The second half of the year saw Minimum Lending Rate fall three points, but the trading background was not entirely favourable: in particular, there was a nasty jump in short-term interest rates after the publication of the July banking figures, which revealed the extent of the corset distortions on the money supply. Alexanders has confined its gilt-edged market activity to brief forays—the year-end gilt-edged book was only £7m out of a balance sheet of £441m.

Since the removal of the corset, bill business has shrunk—but the eligible bill now has a new position at the centre of the Bank of England's open market operations. The Bank's new monetary regime provides quite a bracing atmosphere for the *discount houses* to operate in, but they are no longer afraid of losing their role in the markets as they were when Green Papers were floating around early last year.

Alexanders seems to have come to some arrangement with its auditors that will allow it to wriggle out of publishing current cost information, on the grounds *that the provisions* of the Companies Act allowing it to constitute secret reserves override an accounting standard. No doubt the merchant banks will try to sneak out by the same route, perpetuating the hallowed right to produce meaningless accounts.

Stock Relief

Inflation is in single figures—official. This does not apply to retail price inflation, however, which remains at around 15 per cent year-on-year, but rather to the inflation rate of industrial stocks as measured by the Inland Revenue's controversial "all stocks" index. Its December value indicates an increase of only 9.3 per cent on a year earlier, and an annualised rate of a bare 3.4 per cent in the second six months of 1980.

On the current trend, the growth in the index over the year to March could well be under 5 per cent—which is not going to help the revenue's new stock relief scheme to get off to a generous start. In any case, the revenue's stock relief consultative document has generated a remarkably uncomplimentary set of submissions, the latest of which was released yesterday by the 100 Group of leading finance directors.

Although the 100 Group accepts that the revenue could *not move* straight over to current cost accounting, it demands a wider choice of stock indices than the single all stocks measure, and it argues that the credit restriction should be abandoned. At the very least, companies should be able to net debtors and cash against creditors in calculating the credit restriction. Otherwise, it could be argued, companies will be tempted into some hair-raising year-end working capital manoeuvrings.

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